

# Annual Report

1 JULY 2021 – 30 JUNE 2022



ARA POUTAMA AOTEAROA  
DEPARTMENT OF CORRECTIONS





# ARA POUTAMA AOTEAROA

## DEPARTMENT OF CORRECTIONS

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Presented to the House of Representatives Pursuant to Section 44(1) of the *Public Finance Act 1989* and Section 190 of the *Corrections Act 2004*.

***Kotahi anō te kaupapa:  
ko te oranga o te iwi***

*There is only one purpose  
to our work: the wellness  
and wellbeing of people*

# Contents

<b>Kupu Takamua</b>	<b>6</b>
<b>Foreword</b>	<b>7</b>
<b>Our Executive Leadership Team</b>	<b>8</b>
<b>Corrections by the numbers 2021/22</b>	<b>9</b>
<b>Our responsibilities</b>	<b>10</b>
<i>Our role in keeping New Zealanders safe</i>	11
<b>Our strategy</b>	<b>13</b>
<i>Transforming the corrections system</i>	16
<i>Strengthening our Māori Crown relations capability</i>	17
<b>Our role in the justice system</b>	<b>18</b>
<i>The justice system</i>	19
<b>Our people and capability</b>	<b>23</b>
<i>Supporting and developing our people</i>	25
<i>Ensuring equitable employment outcomes</i>	28
<i>Diversity, equity, and inclusion</i>	31
<b>Health, safety, and wellbeing at Corrections</b>	<b>32</b>
<i>Managing critical risks to health, safety, and wellbeing</i>	33
<i>Health, Safety, and Wellbeing Plan</i>	33
<i>Our health, safety, and wellbeing performance</i>	34
<i>Our critical risks</i>	35
<b>Our assets and performance</b>	<b>36</b>
<i>Our strategic asset management</i>	37
<i>Understanding our environmental impact</i>	39
<i>Our financial overview</i>	44
<b>Our governance, assurance, and oversight</b>	<b>46</b>
<i>Governance, assurance and oversight</i>	47
<i>The Inspectorate</i>	48
<i>Our work with external oversight entities</i>	50
<b>Part A: Contributions to priorities and delivery of outcomes</b>	<b>52</b>
<b>Public safety is improved</b>	<b>53</b>
<i>We are improving safety in prisons</i>	54

<i>Prison network as at 30 June 2022</i>	60
<i>Safety in the community</i>	62
<i>Corrections facts</i>	66
<i>COVID-19</i>	67
<b>Re-offending is reduced</b>	<b>68</b>
<i>Rehabilitation and reintegration services</i>	69
<i>Rehabilitation based on kaupapa Māori values</i>	70
<i>Reducing re-offending through education, training, and employment</i>	74
<i>Prison industries and vocational education as at 30 June 2022</i>	76
<i>Meeting the needs of women</i>	79
<i>Women in prison</i>	80
<i>Health services</i>	84
<b>Measuring our progress against Hōkai Rangī goals</b>	<b>90</b>
<i>Tracking progress against Hōkai Rangī goals</i>	92
<b>Statement of Responsibility</b>	<b>94</b>
<b>Independent Auditor's Report</b>	<b>96</b>
<b>Part B: Statement of Performance</b>	<b>100</b>
<b>Part C: Annual Financial Statements</b>	<b>119</b>
<b>Part C: Non-Departmental Statements and Schedules</b>	<b>163</b>
<b>Part D: Appendices</b>	<b>171</b>
<i>Appendix One: Summary of sentences and orders we administer</i>	172
<i>Appendix Two: Recidivism Index</i>	174
<i>Appendix Three: Rehabilitation Quotient</i>	179
<i>Appendix Four: Our strategies</i>	182
<i>Appendix Five: Asset performance</i>	183
<i>Appendix Six: Child and Youth Wellbeing Strategy</i>	186
<i>Appendix Seven: Legislation enacted in 2021/22</i>	187
<i>Appendix Eight: New Zealand Business Number</i>	188
<i>Appendix Nine: Legislative Reporting</i>	189
<b>Part E: Report by the Minister of Corrections on Non-departmental Appropriations</b>	<b>216</b>

# Kupu Takamua

I roto i te tau o ngā wero nui, he nui taku poho kererū ki te 10,000 kaimahi i whakapeto ngoi ia rā ki te whai i ō mātou whāinga o te whakaiti i te mahi hara anō me te whakapai ake i te haumarū tūmatanui. E tino mārā ana au he tino whakarūhi, tino taumaha hoki i ētahi wā. Inarā te mīharo o te pūmau o ā matou kaimahi ki te hiki i te oranga o ngā tāngata e whakahaeretia ana e mātou, otirā te whakaatu ki a rātou te huarahi ki te oranga.

Kāore e kore he pānga nui tō te KOWHEORI-19 i runga i ētahi o ā mātou whakahaere. Engari puta noa i te tau, i tū whakahīhi tonu au ki te raungāwari o ā mātou kaimahi ki te urutau ki ngā momo āhuetanga hurihuri o te wā. I te nuinga o te wā, ko te tikanga o tēnei he kōtuitui haere i tētahi whatunga tuatini hei whakatutuki i ngā otinga paetata, otirā koinā tētahi āhuetanga i akiakitia, i te mea nā tērā āhuetanga i pakari ai te tū a Te Ara Poutama hei te roanga o te tau. Tāpiri ki tēnei ko te whakarite kia āhei atu te hunga e whakahaeretia ana e mātou ki ō rātou whānau i te wā kāore i whakahaeretia ngā toronga ā-kanohi, te whakamahi nui i te hangarau, me te whakarite i te haumarutanga o te hunga e tiakina ana e mātou.

Ko te tuarongo o tēnei, ko tētahi māketē kaimahi tino kikī, ngā herenga rohenga whenua me te pikinga o te whakarerekētanga o ngā kaimahi, nō reira kua hīkina e mātou ā mātou mahi ki te rapu kaimahi, te pupuri kaimahi me te whakapiki i ngā pūkenga hoki. Mā tēnei e whakarite kia nui ake te mahi whakarauora whāiti hei whakaheke i te mahi hara anō, te hiki i tō mātou aronga ki ngā wāhine kei te rāngai whakahaere, ā, me te haumi ki te haumarutanga o ā mātou kaimahi me te hāpori.

Ka noho tonu te haumarū me te oranga o ā mātou kaimahi te kaupapa matua, me te aronga nui hoki ki te whakaiti i ngā mahi whakarekerekē i roto i ngā whare herehere. I te marama o Mei 2021, i runga anō i ngā whakawhiti kōrero me ō mātou hoa ūniana, i whakarewaina e mātou te Mahere Mahi Whakaiti Whakarekerekē me te Ririhau, i runga anō i ngā mātāpono e rima: ngā tukanga whakatikatika ā-roto, te whakangungu kaimahi, ngā taputapu haumarū whaiaro, ngā taumata kaimahi haumarū me te oranga kaimahi.

E mahi nei ā mātou kaimahi i tētahi taiao uaua, ā, kei mua i a rātou ia rā ngā āhuetanga uaua te whakahaere, ā-tinana, ā-hinengaro hoki, otirā kua kite mātou i te haerenga tonutanga o te whakarekerekē me te ririhau i roto i ngā whare herehere. Ko te mea kē, e kore e taea e mātou te whakakore katoa i te whakarekerekē, engari e ū tonu ana mātou ki te whakapeto ngoi kia tino haumarū te taiao mahi mā ngā kaimahi me te hunga kei ngā whare herehere.

I a mātou e anga atu ana ki te toru tau mai i te whakarewatanga o tā mātou mahere rautaki a Hōkai Rangi, kei te mana tonu ngā putanga i whakaritea i te tuatahi. Engari he whakahaere rerekē mātou ināianei mai i ngā tau e toru ki muri, ā, he nui te rerekē o te āhua o te taiao ō-waho.

I a mātou e tiro ana ki te whakahou i a Hōkai Rangi, ka iti ake te aronga ki ngā mahi meroiti, me te aronga kaha kē ki ngā wāhanga matua e whā: te haumi ki te āheinga o tā mātou rāngai kaimahi, te tuitui hononga kia whiwhi rangapūtanga mātou i ngā taumata katoa, te whakarite ka taea e mātou te ine i te pānga o ngā rautaki, me te whakarite i te taiao ako hei tautoko i ngā akoranga ka urutautia, ka whakawhiti hoki.

E matapae ana ahau ko te tau 2022/23 te wā tika ki te whakaū i ngā panoni me ngā mahere o tēnei tau, te hanga i ngā taiao mahi pai ake, haumarū ake hoki, me te whakarite kei te mahi ngātahi mātou me te hāpori me ngā kaihautū o ngā iwi kia hāngai pū ā mātou mahi whakahaere. Kāore e kore, ka panonihia ētahi āhuetanga, ētahi kei te mōhiohia, ētahi kāore anō kia ea ake. Heoi anō, ko tāku e mōhio ana ki te tīma Whakatika, ka rite mātou ki te whakatutuki i ērā ahakoa te aha, kia taea ai e mātou te āwhina kia pai ake ai te oranga o te iwi, kia noho haumarū hoki ngā tāngata o Aotearoa.

# Foreword

In a year of significant challenges, I could not be prouder of the nearly 10,000 staff who every day worked towards our goals of reducing re-offending and improving public safety. I absolutely acknowledge that at times it has been tiring, and that it has been stressful. But our people's dedication to improve the lives of the people we manage, and set them on a road to a better life, has been nothing short of inspiring.

There is no doubt COVID-19 had a significant effect on some of our operations. But over the year, I was continually impressed by the ways our people were able to adjust to changing situations in environments that were tumultuous. Often this meant creating local solutions in an extensive and complex network, something that is being encouraged as it held Corrections in good stead throughout the year. This included ensuring the people we manage had access to their whānau when in-person visits could not occur, the greater use of technology, and being agile to ensure the safety of the people in our management.

This was against a backdrop of a very tight labour market, border restrictions and increased staff turnover, so we have increased our efforts in recruitment, retention, and lifting the capabilities of our workforce. This will ensure we can do more targeted rehabilitation to reduce re-offending, improve our focus on women in our management, and invest in the safety of our people and the community.

Staff safety and wellbeing remains a top priority, and a key focus has been the reduction of violence in prisons. In May 2021, in consultation with our union partners, we launched the Violence and Aggression Joint Action Plan, based on five principles: internal disciplinary processes, staff training, personal protective equipment, safe staffing levels, and staff wellbeing.

Our frontline staff work in a challenging environment and are every day faced with circumstances that can be difficult to manage, both physically and mentally, and we have seen violence and aggression continue to be a pervasive part of the prison environment. The reality is the threat of violence is something we cannot eliminate entirely, but we remain committed to doing everything we can to provide the safest environment possible for staff and people in prison.

As we approach three years since our strategic plan Hōkai Rangī was launched, the outcomes we initially established remain unchanged. However, we are a different organisation than we were three years ago, and the external environment has also changed markedly.

As we look to refresh Hōkai Rangī, there will be less focus on micro-actions and a stronger focus on four major areas: investing in the capability of our workforce, building relationships to have partnerships at all levels, ensuring we are able to measure the impact of strategies, and ensuring we have a learning environment that will support lessons to be adapted and transferred.

I see 2022/23 as a year that we can embed the changes and plans we made this year, create better, safer working environments, and ensure we are working with community and iwi leaders to make our operations fit-for-purpose. No doubt there will be challenges, some known, and others yet to emerge. Yet what I know of the Corrections team, we will be ready to meet them whatever the circumstances so we can continue to help make people's lives better and keep New Zealanders safe.



**Jeremy Lightfoot**  
**Secretary for Corrections and Chief Executive**  
*Te Tumu Whakarae mō Ara Poutama Aotearoa*



# Our Executive Leadership Team



**Jeremy Lightfoot**  
Chief Executive



**Richard Waggott**  
Deputy Chief Executive,  
People and Capability



**Juanita Ryan**  
Deputy Chief Executive, Health



**Mathew Allen**  
Acting Deputy Chief Executive,  
Finance Planning and  
Assurance



**Alastair Turrell**  
Deputy Chief Executive,  
Infrastructure and Digital  
Assets



**Topia Rameka**  
Deputy Chief Executive,  
Māori



**Ben Clark**  
Acting National Commissioner,  
Corrections Services

More details on the Executive Leadership Team can be found at [https://www.corrections.govt.nz/about\\_us/who\\_we\\_are/our\\_structure](https://www.corrections.govt.nz/about_us/who_we_are/our_structure)



# Corrections by the numbers

2021/22



**0%**

average gender pay gap



More than

**\$4.6B**

assets managed including infrastructure, vehicles, machinery, and software



More than

**150**

business-like industries in prisons across the country



**7,728**

total prison population as at 30 June 2022 (a yearly reduction of 8 percent)



**4.1%**

decrease from last year in our total verified emissions



**1,016**

people placed into employment via the This Way For Work programme



**25**

fully electric vehicles replaced 25 fossil fuelled vehicles during 2021/22



More than

**244K**

hours over the year spent on conservation projects in the Good to Grow partnership



**1,340**

general random drug tests undertaken – of these, 95.8 percent returned a negative result



More than

**5,300**

incidents involving contraband reported



More than

**300**

industry instructors providing training and guidance to people in prison industries



Around

**300**

youth champions to help young people in the corrections system turn their lives around



**3,197**

referrals were received by the Improved Mental Health Service



**13,480**

hours of face-to-face clinical contact delivered for people with mild to moderate mental health needs



**836**

people in prison or in the community received one-on-one treatment from a Corrections psychologist



More than

**28K**

COVID-19 vaccinations administered by nurses since May 2021



# *Our responsibilities*





## **Our role in keeping New Zealanders safe**

Corrections' core responsibilities include maintaining safe custodial facilities, managing people's compliance with community-based sentences and orders, providing support and information to registered victims, providing information and administrative services to the courts and the New Zealand Parole Board, and delivering rehabilitative and reintegrative interventions.

### **We manage New Zealand's prisons**

We are responsible for 18 prisons across Aotearoa New Zealand. One of these prisons, Auckland South Corrections Facility, is privately operated.

Our prisons vary in size and specification, with some specialising in the management of certain populations. For example, Auckland Region Women's Corrections Facility, Christchurch Women's Prison, and Arohata Prison manage women, while the remaining 15 manage men. Auckland Prison has the country's only purpose-built maximum security facility, Mt Eden Corrections Facility is largely used to manage people on remand, and Rimutaka Prison has a high-dependency unit for men with complex health-related needs.

People are managed in accordance with their specific needs, as well as their sentence/remand status and security classification. The security classifications are minimum, low, low-medium, high, and maximum. They reflect the safety restrictions of the individual, and the need to manage the prison population safely. As at 30 June 2022, the total prison population was 7,728 people [2021: 8,397].<sup>1</sup>

### **We monitor community-based sentences and orders**

We manage approximately three-and-a-half times as many people in the community as we do in prison, with more than 100 Community Corrections sites nationwide.

There are a number of community-based sentences that can be imposed by the courts, from community work to supervision to home detention. People released from prison may also be managed on release conditions or parole. The courts can impose other orders to keep the community safe, including extended supervision orders and public protection orders.<sup>2</sup>

Public safety is our top priority, and we take all instances of non-compliance seriously. Probation officers actively manage the compliance of people on community-based sentences and orders with their conditions by supporting them to comply, and holding them to account if they breach their sentence or conditions. Other agencies, including the Police, are also involved in monitoring and mitigating the risk of non-compliance.

As at 30 June 2022, there were 26,882 people on community-based sentences and orders [2021: 29,243].

### **We support the courts, the New Zealand Parole Board, and registered victims**

The New Zealand Parole Board is an independent statutory body, separate from Corrections. Corrections administers the *Parole Act 2002*, which requires us to provide administrative and training support to the Parole Board.

Information and advice are provided to both the courts and the Parole Board to help in their decision-making. This includes providing pre-sentence reports to courts prior to sentencing, and providing reports to the Parole Board in advance of parole hearings. Our role in these processes helps ensure well-informed sentencing and parole decisions.

The *Victims' Rights Act 2002* sets out Corrections' obligations to provide information to victims of offences, including notification of specific events relating to those who offended against them. Victims are notified of impending hearings and of Parole Board decisions within agreed timeframes.

1. Includes people in offsite locations such as mental health facilities and police custody.

2. The 10 different community-based sentences and orders are community detention, community work, extended supervision order, home detention, intensive supervision, parole, post-detention conditions, release on conditions, returning offender order, and supervision.

## **Rehabilitative and reintegrative pathways**

Each person's rehabilitative and reintegrative pathway is unique, and based on several considerations such as the nature of their offending, their security classification, their risk of re-offending, their motivation to change, their physical and mental wellbeing, and the support they have around them.

In prisons, case managers work with people one-on-one to identify their rehabilitation needs and match these with available programmes to be completed throughout their sentence. In the community, this responsibility sits with each person's probation officer. Psychologists, programme facilitators, education tutors, industry instructors, reintegration service providers, whānau, iwi partners, and many other staff and external partners also play an important role in this process. Psychologists and programme facilitators also assist those on community-based sentences and orders.

We provide health services, mental health services, addiction programmes, cultural support services, educational opportunities, vocational training, motivational sessions, offence-focused programmes, wrap-around whānau support, reintegration services, intensive residential programmes, and transitional accommodation support.

Our programmes and support services are increasingly offered in partnership with iwi and Māori service providers who specialise in kaupapa Māori-based service delivery.

For more information, see page 69 of this report.



### ***Invercargill Prison reaps the KiwiHarvest***

A new partnership between Invercargill Prison and food rescue organisation KiwiHarvest is providing fresh vegetables for 23 organisations across the Southland Region.

This initiative not only provides food for people in need, but gives prisoners important life skills which they can take with them when they leave prison and return to their whānau.

"We grow broad beans, broccoli, cauliflower, lettuce, pumpkin and tomatoes – to name just a few," says Acting Manager Industries Barry Chapman.

Fresh produce is picked up from Invercargill Prison weekly, and delivered to a range of grateful recipients, including local foodbanks, social service agencies, marae, low decile schools, Kōhanga Reo and kindergartens.

The fresh food grown at Invercargill Prison is particularly important, as most charity donations are made up of canned and dry goods, with a lack of fresh fruit and vegetables.

Men also gain NCEA unit standards from their gardening efforts, increasing their employable skills on release.

# *Our strategy*





## Hōkai Rangi

Hōkai Rangi 2019-2024 is our organisational strategy. It outlines our commitment to improve outcomes with, and for, Māori. It was developed with Māori and incorporates a Te Ao Māori worldview. Through Hōkai Rangi, we are building on the work we have done while recognising the need to find new ways of achieving better outcomes for those we manage.

Hōkai Rangi targets changes that are needed now, but also focuses on long-term intergenerational change for people in the corrections system and their whānau. It has the following six strategic outcome areas:

- Partnership and leadership
- Humanising and healing
- Whānau
- Incorporating a Te Ao Māori worldview
- Whakapapa
- Setting the foundations for participation.

The strategy has specific actions to help build progress across the outcome areas. Developing, maintaining, and growing strong relationships with Māori providers, iwi, and hapū is central to Hōkai Rangi. We also work with many other organisations and individuals in the public sector, private sector, and our wider communities.

The six outcome areas of Hōkai Rangi help us to deliver on our strategic goals to:

- **Improve public safety:** We improve public safety through the management of safe and secure custodial facilities, liaison with Police, comprehensive risk assessment tools, electronic monitoring and, where necessary, civil detention.
- **Reduce re-offending:** We provide rehabilitation and reintegration services to help people address the causes of their offending and build positive relationships with their whānau at every step of their sentence or order. By helping people break the cycle of re-offending, we also improve the safety of our communities.
- **Reduce over-representation of Māori:** We, along with our partners, aim to reduce the over-representation of Māori in the corrections system. We cannot do this alone, and a joined-up approach across the justice sector and with the community is critical to addressing this disparity. Most importantly we must work alongside Māori.

## Hōkai Rangi is our commitment to whānau and communities

At the heart of Hōkai Rangi is the concept of wellbeing for all people, including our staff, people in our management, their whānau, victims, and our communities. While people are in our management, we have an opportunity to work with them and their whānau to address their offending and improve their wellbeing. We support people with their rehabilitative and health needs, to reintegrate into the community, find work, and reconnect with their whānau. This helps break the cycle of re-offending and ultimately makes our communities safer for all New Zealanders.

### Our progress on delivery

We have set the initial foundations to safely transform the corrections system. This includes redirecting resources to better invest in the safety, wellbeing, and capability of our staff.

We have made considerable progress in our flagship Hōkai Rangi projects. The Māori Pathways programme expanded with the launch of Te Mana Wāhine Pathway in Canterbury in 2021, meaning the programme is now operating in Canterbury, Te Tai Tokerau, and Hawke's Bay. Across the three areas, a significant number of prototypes have been prioritised and are being trialled, tested, assessed, and evaluated over a two-year period. For more information about Māori Pathways, see page 69 of this report.

The co-design of Hikitia, the mental health and addiction service for the three prisons in the Central Region (Waikeria Prison, Tongariro Prison and Spring Hill Corrections Facility) has continued to progress well. This service, which is being co-designed with Te Whatu Ora Waikato, local iwi and mana whenua, is in the implementation stage and will be operational non-residentially from late 2023 and fully operational residentially upon completion of the Waikeria Prison development. Once fully operational, we expect approximately 1,800 men to benefit from this service each year across the region.

We also refocused our resources on the interventions that are most likely to be effective, particularly in the areas of alcohol and other drugs. The new Mana-Tū drug treatment programme is being delivered in partnership with service provider Manaaki Ora at Tongariro Prison. Te Ira Tangata, a community-based intensive kaupapa Māori trauma-informed alcohol and other drug treatment programme is being delivered in the Auckland region, and also Te Whare Waimariiri, a 24-hour supported accommodation service for women, is being delivered in Christchurch.

Our Women's Strategy Wāhine - E rere ana ki te pae hou 2021-2025, was also refreshed in consultation with a reference group of subject matter experts utilising a Te Ao Māori lens.

The support of partners and volunteers remains crucial to everything we do and developing, improving, and strengthening relationships with Māori is an important step on our journey with Hōkai Rangi.

We have continued to build on this through not only Māori Pathways and Hikitia, but also the Tākai Here agreement with Te Āti Awa and Ngāti Toa Rangatira signed in 2021. Our partnership with Te Āti Awa and Ngāti Toa Rangatira, and their leadership in engaging local communities, has been pivotal in helping get supported accommodation set up in Naenae, Lower Hutt.

### ***Hōkai Rangi actions to June 2022***

As at 30 June 2022, 27 of the 37 Hōkai Rangi short-term actions were substantively delivered, with a further two expected to be delivered early in the new financial year. COVID-19 has slowed delivery on some actions, but good progress has been made and they are now entering their next delivery phase.

The remaining eight short-term actions were underway, with significant progress being made on six actions, which are large initiatives being implemented over multi-year timeframes. Of the remaining two actions, one is being delivered through an existing workstream, and one has been severely impacted by COVID-19 as it requires onsite visits which had been paused intermittently.

Actions are not marked as 'completed' or 'closed' as in many cases these actions will require ongoing effort throughout the duration of the strategy and beyond to sustain and embed the desired changes.

As we approach three years since Hōkai Rangi was launched, we are reviewing progress and prioritising our focus areas for the next two years. This recognises the significant progress since the launch of Hōkai Rangi, both in relation to its short-term actions and the fundamental shifts we are making in our approaches to the way we work.

We are committed to the outcomes we initially established, and the six domains are embedded within Corrections. We are, however, a different organisation than we were three years ago, and we need to meet the changing demands of the external environment.

It is critical that Hōkai Rangi sets us up to make safe changes to our corrections system that will endure in the long-term. As we continue to work and build on this strategy, we are looking at what more we need to do to support long-lasting change. We are also currently meeting and speaking with staff, including those on the frontline, to hear their perspective as to what has been going well and what requires further focus and attention over the coming years.

Reflecting on the first three years of Hōkai Rangi will better position us to achieve our long-term purpose of: ko te oranga o te iwi - the wellness and wellbeing of people.



## ***Transforming the corrections system***

Significant progress has been made on delivering key elements of Hōkai Rangi. In particular, the foundations have been set to safely transform the corrections system, including realigning our organisation and redirecting resources to better invest in the safety, wellbeing, and capability of our staff.

### ***The importance of working with Māori***

At an operational and strategic leadership level, we have continued to work with Māori to build meaningful and purposeful relationships. Authentic partnering with Māori is integral to delivering the most effective and efficient outcomes for Māori and the wider justice system.

We have been testing new ways of partnering with Māori at key pilot sites. These include our three Māori Pathways and Te Mana Wāhine Pathways programmes, Te Mauri Paihere ki Mangakootukutuku accommodation for women and children, and the co-design of Hikitia – the Central Region Mental Health and Addiction Service. The lessons from these pilots will inform changes of how we work elsewhere.

### ***Changing the organisation***

Change has continued to happen right across Corrections to meet our long-term strategic goals. We continue to lift the cultural capability of our staff, strengthen our health, disability, mental health and addiction services, and rehabilitation and reintegration services alongside establishing partnerships with mana whenua at prison sites.

Alongside this, we have redesigned the women's prison network to be more responsive to the specific needs of women. We have also started a long-term programme to improve our physical prison environments and introduce new operating approaches that are focused on tailored pathways, greater family connectedness, and wellbeing.

More information about these initiatives are referenced throughout Part A of this report.



### ***Iwi-led service to support reintegration***

Te Whare Whakaruruhau o Raumanuka, an iwi-led reintegration and accommodation service in Naenae, Lower Hutt, opened in May 2022.

The 26-bed service provides men who have been released from prison with stable accommodation and support to reintegrate into society. It is one of the first initiatives to be established following the Tākai Here Agreement - a partnership agreement between Te Rūnanga o Ngāti Toa Rangatira, Te Rūnanganui o Te Āti Awa and Corrections, signed in November 2021. It is a service that has been designed for Māori, by Māori with great support from our local staff.

Staff at Te Whare Whakaruruhau o Raumanuka will live on site, supporting residents with a range of skills. A strong emphasis will be placed on reconnecting with whānau as well as Māori culture. The whare welcomed its first two residents in August 2022, with more expected to move in over the coming months.

Corrections will continue to develop partnerships with iwi and other providers throughout the country to improve the services that are available for people reintegrating into the community.

## Strengthening our Māori Crown relations capability

Corrections is improving its Māori Crown relations capability. The *Public Service Act 2020* requires public service leaders to build and maintain the capability of the public service to engage with Māori and understand Māori perspectives.

We have focused on two work programmes to support our leaders to build their own Māori Crown relations capability and that of their people:

- **Whāinga Amorangi phase one:** Empowering people. Specifically, building capability in Te Reo Māori and New Zealand history/Tiriti o Waitangi literacy
- **Māori language planning:** The Whāinga Amorangi focus area of capability in Te Reo Māori is linked to Māori language planning.

The ongoing impact of COVID-19 on staff, systems and processes has made it challenging to progress all of our Māori Crown relations capability goals. However, we are fully committed to these programmes, and progress is already being made.

### **Building capability in Te Reo Māori**

Incorporating Te Reo Māori in our work is an important part of achieving Hōkai Rangi. In the past year, we have introduced new classes to build staff capability in Te Reo Māori at beginner, intermediate, and advanced levels. These classes on a national scale follow on from the more localised initiatives of past years. In 2022/23, we will build on this, and focus on how to further support and strengthen Te Reo Māori in the regions.

At the regional level, a number of sites are accessing Te Reo Māori training provided by local and community providers. Some staff have the opportunity to do individual learning through learning institutions such as Te Wānanga o Aotearoa.

In 2019, the Tihi-o-Manōno application, a Te Reo Māori and Te Ao Māori cultural capability tool, was launched. In 2021/22, uptake increased by 35 percent, with the total number of downloads on the app increasing from about 8,000 to 10,800 in June 2022. The app was designed and developed for Corrections staff, but is also able to be downloaded and used by members of the public. Tihi-o-Manōno enables all staff with a mobile phone to access Te Reo and tikanga Māori programmes.

Te Reo Māori resource books were also made available to our staff. During 2021/22, more than 1,900 books were distributed.

## **New Zealand history/Tiriti o Waitangi literacy**

A range of New Zealand history and Treaty of Waitangi literacy programmes have been delivered throughout Corrections. While some are targeted towards this focus area, others provide broad cultural capability uplift alongside having strong links to New Zealand history/Treaty of Waitangi literacy. Some of the programmes delivered included:

- **Ara Tika:** In 2021/22, 770 people participated in Ara Tika, a five-day learning programme that starts new staff on their learning journey in Corrections.
- **E Toru Ngā Mea (Phase 1):** Since 2020, 264 staff and leaders have been through E Toru Ngā Mea, a programme designed to support leadership to better engage with the people on remand sentences or orders, and to more proactively respond to the expectations outlined in Hōkai Rangi.
- **Mairangatia:** Five hundred and sixty-three staff have enrolled in Mairangatia, which are online learning modules for unconscious bias and intercultural awareness. See page 26 for more details.
- **Treaty of Waitangi workshops:** One hundred and twenty-five people at National Office attended workshops in Treaty of Waitangi literacy and Te Ao Māori. A number of staff have been able to access Tiriti o Waitangi workshops in the regions as part of their broader leadership development pathway. Approximately 130 leaders have attended the workshops across the regions.



# ***Our role in the justice system***





## The justice system

The justice system is supported and administered by six organisations that are collectively called the justice sector. Agencies across the justice sector share a common purpose: to make the justice system better for all New Zealanders. To do this effectively, the sector needs to work closely together.



### **Ministry of Justice - Tāhū o te Ture**

develops policy across the justice sector and runs the court system



### **New Zealand Police - Ngā Pirihimana O Aotearoa**

maintains public safety, law enforcement, crime prevention, and community support



### **Department of Corrections - Ara Poutama Aotearoa**

administers sentences and orders in prison and in the community



### **Oranga Tamariki - Ministry for Children**

manages young offenders



### **Serious Fraud Office - Te Tari Hara Taware**

investigates and prosecutes serious financial crime



### **Crown Law Office - Te Tari Ture o te Karauna**

represents Corrections in court cases

Chief Executives of all six justice sector organisations work together as the Justice Sector Leadership Board. The Board is an important mechanism to assist Ministers to achieve individual portfolio goals, as well as wider collective justice sector goals.

## **Keeping communities safe and enhancing wellbeing**

Corrections works with these other agencies at many different levels.

We work with Police to transport people between courts and prisons. Police are involved in our incident response processes, and we share responsibility for managing defendants in the community on electronically monitored bail, and those on the Child Protection Offender Register. Additionally, Corrections and Police lawfully share intelligence to keep people safe in prisons and in the community, especially in the area of organised crime.

We work with Oranga Tamariki to protect the safety and welfare of children and young people serving sentences, as well as young people in the lives of the people we manage.

We also work with the Ministry of Justice regarding the use of court cells and future prison capacity planning, and with the Crown Law Office on legal, litigation, and prosecution matters.

In addition, the New Zealand Parole Board makes decisions and sets conditions for the release of people in prison. Parole aids reintegration by permitting eligible people to be released from prison to finish their sentence in the community. Compliance is closely monitored by probation officers from Community Corrections.

We also recognise the criminal justice system is intrinsically linked to the wider social sector. As such, we have close relationships with Te Puni Kōkiri – Ministry of Māori Development, Kāinga Ora – Homes and Communities, the Ministry of Social Development – Te Manatū Whakahiato Ora, the Ministry of Health – Manatū Hauora, new health entities, and other social sector agencies.

The justice system is complex, and changes by one agency often have flow-on effects to other agencies. Justice sector volumes are also heavily influenced by social sector outcomes. Collaboration across the justice, social, and health sectors is necessary to find the best cross-sector solutions for our communities.

## **Justice Sector Leadership Board**

Corrections, with the other agencies in the justice sector, is addressing long-term systemic challenges.

In early 2020, the Justice Sector Leadership Board agreed in principle to a shared vision, purpose and principles to guide sector change. The principles describe a justice system, founded on the rule of law, that treats all people with humanity, dignity, respect, and compassion. The Justice Sector Leadership Board's Strategic Plan identified three areas for the sector to work together:

- **Strengthening Māori Crown relationships:** During 2019 and 2020, the Ināia Tonu Nei kaitiaki worked together with the Board to develop a Mana Ōrite agreement. The agreement, signed between Ināia Tonu Nei and the Justice Sector Leadership Board in April 2021, aligns with our vision in Hōkai Rangī, alongside accompanying initiatives such as partnering agreements with iwi/Māori organisations.
- **Transforming the criminal justice system:** The sector is focusing on improving the experience of all people who have contact with the justice system. To do this, the Board is engaging with the judiciary, partnering with Māori and communities, and strengthening workforce culture and capability. Work being undertaken by other agencies, with sector support, includes Police's Reframe initiative and Te Pae Oranga Iwi Community Panels, and supporting the development of Te Ao Mārama District Court model.
- **Improving system performance:** Sector agencies are developing initiatives to improve and strengthen system performance. This includes working on the Joint Venture on Family Violence and Sexual Violence (Te Puna Aonui), which has supported the sector to develop a National Strategy (Te Aorerekura) to eliminate family and sexual violence.

The Minister of Finance piloted a different approach to Budgets in Budget 2022 as part of a programme of work to modernise New Zealand's public finance system. The Minister established a group comprising five agencies from the justice sector – Department of Corrections, Ministry of Justice, New Zealand Police, Crown Law Office, and Serious Fraud Office.

We have worked closely with this group with the objective of increasing collaboration across the agencies, improving value for money, and strengthening delivery of the Government's wellbeing priorities.

For more information about this approach, see page 45 of this report.

The Justice Sector Leadership Board worked with justice sector ministers, who identified four key priority areas to focus on to progress meaningful reform across the criminal justice system:

- Better outcomes for victims: The voices of people who are harmed have not always been heard or listened to. The response to this challenge must recognise the experience and needs of people throughout their entire journey through justice processes.
- Better enabled workforce and organisations: We cannot transform the justice system without uplifting the capacity and capability of the people who work in it. Focus is required on improving the capability of frontline workers and supporting better safety and wellbeing for staff.
- Improved access to justice: Barriers can arise from a lack of means or resources available to a person (including access to lawyers through legal aid) and from the system itself (such as backlogs in court proceedings).
- Addressing issues with remand: As at 30 June 2022, remand prisoners accounted for 40 percent of the men's prison population and 50 percent of the women's prison population. There are many opportunities at the early stage of the justice system where a person can be safely diverted away from prison.

These priorities were informed by reform efforts occurring across all parts of the justice process, and built on the significant engagement work carried out as part of the Hāpaitia te Oranga Tangata programme and in response to reports such as Tū Mai Te Rangi!, the Waitangi Tribunal's report on Māori re-offending rates, Turuki!, Turuki!, Te Tangi o te Manawanui, and the Ināia Tonu Nei Hui Māori report.

A new Sector Directorate was launched in April 2022, providing support and leadership with a clearer focus and better-defined functions to lead a 'sector-first' approach. The Directorate looks to strengthen the justice sector's ability to collaborate and hone strategy, performance, and investment.

# *Our people and capability*

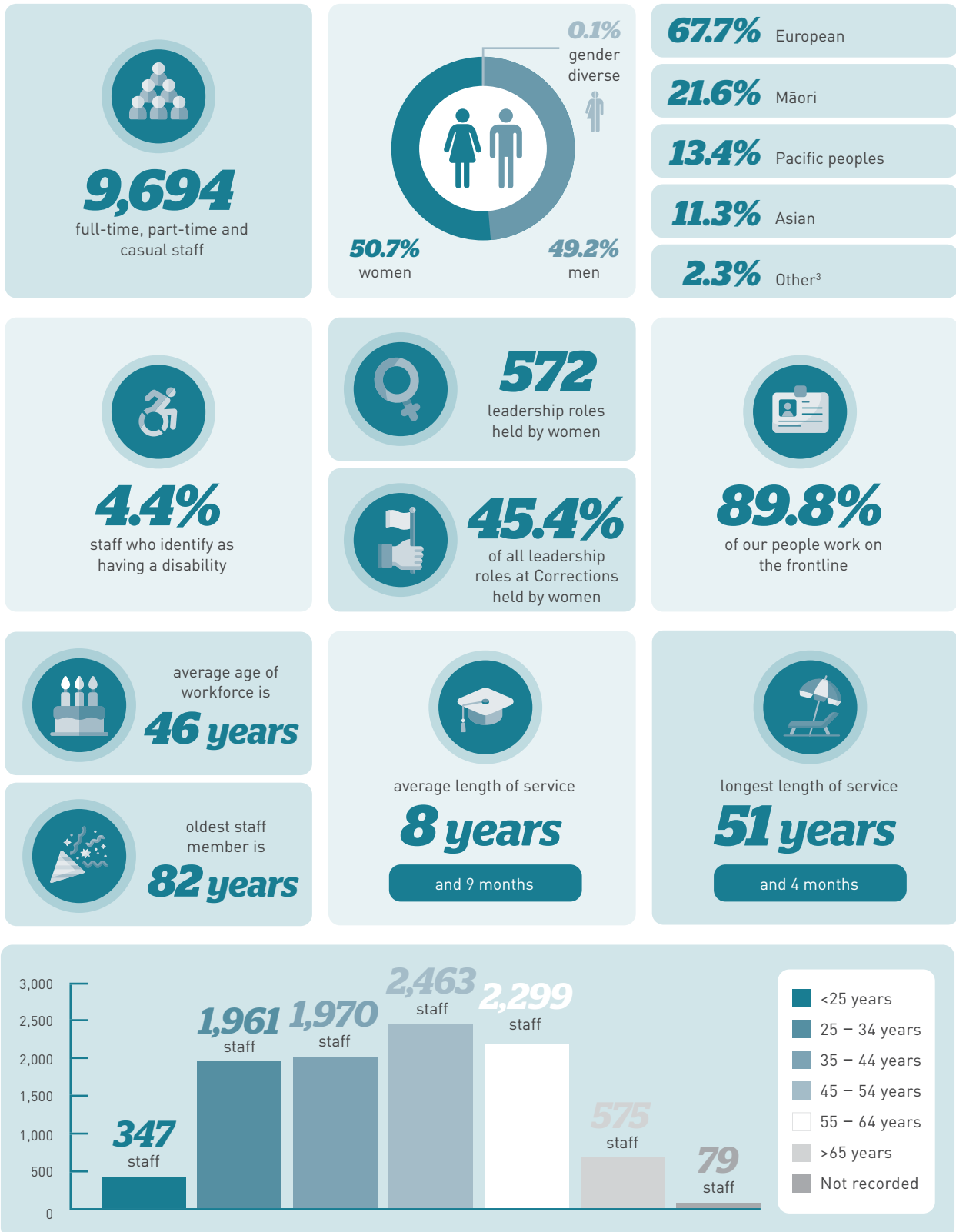




## Profile of our people

Corrections has nearly 10,000 staff across the county who show up every day to improve people's wellbeing and make Aotearoa New Zealand safer. For historical data, please see Corrections' previous Annual Reports:

[https://www.corrections.govt.nz/resources/strategic\\_reports/annual-reports](https://www.corrections.govt.nz/resources/strategic_reports/annual-reports)



3. Totals equal more than 100 percent as staff may identify with multiple ethnicities.

## Supporting and developing our people

### Professionalising our workforce

We have a team of nearly 10,000 staff who work hard every day to serve the people of Aotearoa New Zealand. Nearly 90 percent of our staff are employed in frontline roles, interacting with people in prisons or on community-based sentences and orders.

We continue to invest in the safety, capability, and wellbeing of our workforce to ensure they have the skills and resources they need to be safe, do their jobs well, and help people make positive change in their lives.

### We are a values-led organisation

Our five shared values guide our work. They are:



#### Manaaki (Respect):

We care for and respect everyone



#### Kaitiaki (Guardianship):

We are responsive and responsible



#### Whānau (Relationships):

We develop supportive relationships



#### Rangatira (Leadership):

We demonstrate leadership and are accountable



#### Wairua (Spirituality):

We are unified and focused in our efforts

These values underpin Hōkai Rangī, and how we 'do' change with our staff, the people we manage, and our partners.

### Integrity underscores everything we do

Working with people who have committed crimes and harmed communities means we must meet the highest standards of integrity. Our Code of Conduct describes the principles we operate by and the standard of behaviour expected of all staff, contractors, consultants, and volunteers.

Our Integrity Assurance Team provides high quality specialist investigation services and advice, alongside delivering an integrity awareness programme focused on raising awareness of and preventing fraud, corruption, dishonesty and other criminal risks, and giving staff the skills and tools they need to avoid manipulation.

We expect our staff to act with integrity, honesty and professionalism, and have clear Speak Up policies encouraging staff to speak up if they see, hear or experience something that concerns them. This includes an 0800 phone number for our staff to report integrity concerns. Our Code of Conduct and human resources processes ensure every one of us can be held to account for behaviour that falls short of expectations.



## **Recruiting and building capacity**

Our recruitment processes reflect our values, and are designed to ensure we recruit staff with the right capabilities and attributes needed to be successful in each of our working environments. These processes ensure the quality and integrity of new recruits and, depending on the role applied for, include selection processes covering pre-employment drug testing, fitness testing, Police vetting, and role-playing exercises. Recruitment for key roles also focuses on competency in working with, and for, Māori.

In March 2022, our recruitment teams were relocated into regional offices to enable a more focused site and community-based approach. A smaller team based at National Office oversees strategic activity, provides assurance, and delivers recruitment support. This represents a significant uplift in the investment in our people, and will provide greater opportunities for staff, while ensuring local solutions can be provided for local issues.

Despite the challenges posed by COVID-19, low unemployment, and border restrictions, we recruited 998 [2020/21: 915] people to frontline roles in prisons and the community, and a further 239 [2020/21: 345] people to other areas of Corrections in 2021/22. In such a complex environment as Corrections, it is important we give our people the opportunity to move into new or promoted roles, thereby maintaining corporate knowledge across the organisation. This is highlighted by the 1,211 internal transfers, promotions, and movements during the year.

Alongside recruitment, retaining our workforce has been critical in the current employment market. Individual sites have been empowered and encouraged to prioritise amenity upgrades, staff wellbeing initiatives, and long-term career development pathways to ensure Corrections remains an attractive place to work.

## **Staff develop and grow**

Learning and development at Corrections begins on day one. Most new employees participate in Ara Tika, an induction programme that covers the obligations of working in public service, integrity, cultural capability, privacy, and safety before they move through their own unique learning pathways.

Our frontline pathways combine self-led modules, practical activities, and on-the-job coaching tailored to the person's specific role. This includes Pou Hapori Iho, a learning pathway for probation officers, and Pou Arahi Iho, a pathway for prison-based case managers. Staff safety is an absolute priority for Corrections, and we are continuously looking at what more we can do to keep our people safe through training and development. Our violence and aggression capability pathway will focus on lifting the capability of frontline custodial staff through targeted development focused on violence and aggression. Holding people to account has also been prioritised, with the development of a training package for site-based prosecutors, 57 percent of whom have been trained so far.

For other roles, such as Programme Facilitators, induction is more specifically tailored. We provide flexible opportunities for individuals and leaders to develop themselves and their teams on subjects relevant to them, and at a time and place that suits them through the online My Learning Hub. With more than 70,000 completions of learning this year, it is an excellent resource for coaching and development. All of our learning is evaluated using competency frameworks that ensure the learner, their facilitator, and their leader are involved in ensuring that they are competent and capable of applying those skills in their day-to-day practice.

Uplifting the leadership capabilities of our frontline staff has also become an increased priority for Corrections. We have increased investment in creating clear development pathways for our workforce that enable all staff to be recognised for competence and offer clear steps for progression.

We also operate an online Safety Conversations Hub which supports frontline managers to have regular, brief, and effective discussions about safety with their teams.



## ***Celebrating and rewarding success***

Our staff achieve some incredible things in their work, and we are proud to celebrate their success.

For each new intake of frontline staff, we recognise the best performing recruit with a Minister's Excellence Award. We have Tātou Awards at a regional and national level to celebrate groups or individuals who exemplify our values, and have gone above and beyond to improve wellbeing and keep our communities safe.

Our Whanonga Pono Awards recognise people who champion one or more of our values and can be awarded to teams, individuals, providers, partners, volunteers, and members of the community we work with.

We also present long service and good conduct awards, as well as one-off awards to recognise specific achievements such as the Chief Executive's Special Commendation Award, which recognises outstanding employee contributions.





## ***Diversity, equity, and inclusion***

Corrections remains committed to improving the workplace for our team. Our workforce already has a near 50/50 gender split, and is one of the most ethnically diverse in the public sector.

At 30 June 2021, the average gender pay gap in the public sector was 8.6 percent in favour of men. At the same date, Corrections reported a gender pay gap of just 0.3 percent. As at 30 June 2022, this had fallen to zero percent.

To underscore our commitment to developing a diverse and inclusive workforce, and to support Hōkai Rangi, we continued to invest in the capability of our people, including creating five new roles to increase our delivery obligations outlined by Papa Pounamu.

In November 2021, the Gender Pay Gap Taskforce launched its public service action plan Kia Toipoto - Closing gender, Māori, Pacific, and ethnic pay gaps, a three-year plan to address pay equity in the sector.

We continue to work towards the New Zealand Disability Strategy 2016-2026, Accessibility Charter, and Disability Data and Evidence commitments.



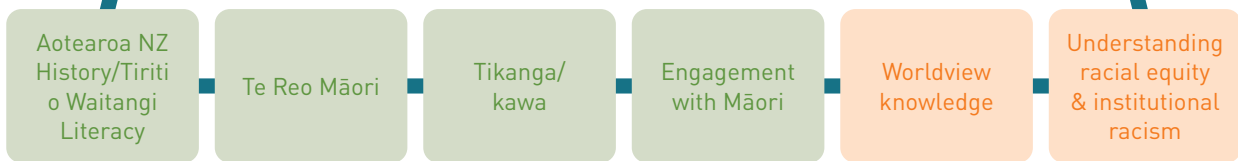




## Cultural Capability Competency Areas



## Whāinga Amorangi Competency Areas



### Intercultural awareness

While cultural capability must focus on promoting Te Reo and Te Ao Māori skills and knowledge, it must also include intercultural awareness and communication elements to ensure an inclusive approach where diversity in all its forms can be explored. Mairangatia focuses on intercultural and values-led capability for this reason.

In 2021, we trialled the Mairangatia programme with 75 staff from our central region, and since then we have provided access to the programme to a selected group of other teams. We also enrolled 563 staff into the programme, and to date, 101 have completed the programme and 111 are in the process of completing. The remaining 351 staff are preparing to start the programme. In 2022/23, Mairangatia will be rolled out to all staff in the organisation.

We will develop additional content in 2022/23 that will cover the six competency areas of Te Arawhiti's Te Ao Māori Capability framework, Whāinga Amorangi.

### Inclusive leadership

Leadership development of either existing staff or new recruits is vital. We continue to support senior and new leaders into Leadership Development Centre courses. An important component of building inclusive leadership is the opportunity to hear how staff, with different perspectives, perceive their leaders and respond to them. Our regular iReflect process, provides leaders with opportunities to listen to the range of voices of the people they lead and influence.

We are now building Te Ara Rangatira, our leadership development pathway, which is based on Te Ao Māori principles and is values-led.

A stronger People and Capability team, with dedicated regional inclusion and diversity leads and cultural capability advisors, will be working more closely with leaders to improve inclusion in their business interactions.

### Inclusion and Diversity Council

In 2018, we established our Inclusion and Diversity Council (IDC). Currently it is midway through a four-year strategy to increase support and awareness across several areas. Regional and National Office Inclusion and Diversity Champion Groups have been set up and will grow in strength with the dedicated regional leads now in place. These champion groups share IDC work with colleagues, and share their feedback at a national level through the regional inclusion and diversity leads.

Our IDC has the support of, and active involvement of, the Executive Leadership Team, and our Deputy Chief Executive Māori is responsible for promoting diversity and inclusiveness, as required by Section 75 of the *Public Service Act 2020*.



### **Employee-led networks**

We have more than 70 employee-led networks, with national networks including those for women, Māori, Pasifika, Rainbow, veterans, youth, Asian, and Pan-Indian, all supported by IDC.

These networks have led a wide range of online and in-person events aimed at celebrations, sharing information, and coming together as individual communities within Corrections.

### **Papa Pounamu**

In July 2017, Te Kawa Mataaho Public Service Commission launched *Papa Pounamu – Diversity and inclusion progress across the Public Service*, its programme for public sector agencies to meet their diversity and inclusion responsibilities and goals.

Corrections has developed an online learning programme called Mairangatia, (to raise, elevate), which has been designed to uplift, strengthen, and build capability. It is comprised of modules, facilitated group discussions, and personal reflection exercises to help build greater understanding of two vital components of cultural capability: unconscious bias (different biases and other forms of discrimination), and intercultural awareness. The latter is a 12-week programme, called Mana Aki, developed by the Ministry of Business, Innovation & Employment – Hikina Whakatutuki for the public service in Aotearoa New Zealand.

During the year, we also provided staff training on addressing bias through Mairangatia alongside additional training that included regional inclusion and diversity workshops. These new workshops were initially rolled out in our Lower North region to about 60 people who were predominantly new staff and leaders. We will be continuing to provide these workshops in other regions in 2022/23.

## Ensuring equitable employment outcomes

### Transparency

We have published our annual Gender Pay Gap Action Plan.<sup>4</sup> All human resources and remuneration policies are published on our intranet, including the salary scales in collective agreements.

### Eliminating bias and discrimination

Collective agreements currently have competency-based stepped progression systems for staff which can enable annual progression. Remuneration is negotiated during collective bargaining. Recently, a new step-based pay system was implemented for all frontline managers which will remove any bias when setting their starting salary. We are undertaking preliminary scoping work on the remuneration system for our staff who are not employed on collective agreements.

E Hono Ana, our recruitment framework, is intended to treat our people and new candidates with respect, uphold their mana and dignity, and reduce bias. The framework encourages all managers to consider every aspect of our people, who they are, what they value, their work ethic, and capability.

### Leadership and representation

Ethnicity tier 1-3	30/06/2022	30/06/2021
European	92.5%	95.9%
Māori	18.9%	18.4%
Pacific	5.7%	2.0%
Asian	3.8%	2.0%
MELAA <sup>5</sup>	0.0%	0.0%
Gender tier 1-3		
Female	55.6%	56.0%
Male	44.4%	44.0%
Gender Diverse	0.0%	0.0%

### Flexible work

We have committed to a policy of 'flexible by default' for all roles unless there are good business reasons not to. Managers, teams, and staff all have a shared responsibility for making flexible arrangements work.

Our collective agreements for managers and Community Corrections also contain clauses about flexible working. In some agreements, this includes a set of overarching principles that working flexibly does not undermine career progression or pay. This is also a Te Kawa Mataaho Public Service Commission requirement in Kia Toipoto which will be completed by 2024.

### 2021 Te Taunaki Public Service Census for Corrections

Participation	 53.4%
Staff feel they can be themselves at work	 80.0%
Comfortable working with people from backgrounds other than their own	 94.0%
Feel accepted as a valued team member	 69.0%
Use at least some Te Reo Māori at work	 65.0%
Comfortable supporting tikanga Māori	 70.0%

4. [https://www.corrections.govt.nz/data/assets/pdf\\_file/0018/45081/Gender\\_Pay\\_Gap\\_Action\\_Plan\\_2021\\_22.pdf](https://www.corrections.govt.nz/data/assets/pdf_file/0018/45081/Gender_Pay_Gap_Action_Plan_2021_22.pdf)

5. Middle Eastern, Latin American, and African

# *Health, safety, and wellbeing at Corrections*



## ***Managing critical risks to health, safety, and wellbeing***

The health, safety, and wellbeing of our staff, the people we manage, our partners, visitors, and the public is paramount.

We operate 24 hours a day, seven days a week managing some of Aotearoa New Zealand's most challenging people in a complex environment. Our staff regularly work with a range of risks. Twelve of these have been identified as critical health and safety risks, meaning they have the potential to cause serious harm or death.

We have approximately 400 Health and Safety Representatives across the country who together advocate for good health and safety practices in our workplace.

During 2021/22, we experienced many operational challenges as a result of COVID-19. Despite a large number of cases of COVID-19 amongst our staff and our prison population, the safety measures and controls we implemented restricted the impact of the pandemic on people's health, safety and on daily operations.

### ***Health, Safety, and Wellbeing Plan***

Our four-year Health, Safety, and Wellbeing Plan was adopted in September 2020 and is based around four key areas: risks, resources, relationships and resilience. During 2021/22, Corrections continued to improve health and safety relating to our major assets, our processes, and our standards. This work included:

- Addressing the risk of assaults against staff through a dedicated programme.
- Investing in a software system to manage the administration of medication to people managed by Corrections, reducing the risk from administrative errors.

- Updating and delivering a hazardous substances training programme to improve basic staff awareness of the risk and safe management of hazardous substances, as well as the capability of supervisor-level leaders who manage people working with hazardous substances.
- Improving the physical safety of our Community Corrections service centres (e.g. reception and interview room layouts), including upgrading 27 sites to ensure there is a secure line within the site between public and staff areas and that there are barriers, deterrents, or delay mechanisms in place to maintain separation.
- Improving air conditioning systems at a number of locations to address overheating issues within the spaces used by staff and people in prison.

Protecting, maintaining, and supporting the wellbeing of our staff has continued to be a priority for us, especially as staff continued to respond to the ongoing challenges associated with COVID-19.

Initiatives to support staff wellbeing in 2021/22 included:

- Deploying site-level tools to manage risks presented by staff fatigue.
- Working to embed a revised custodial peer support process (the Post-Incident Response Team) to improve mental health support for staff following exposure to distressing and traumatic incidents, with 137 employees completing new training to be better able to support their colleagues.
- Offering free, confidential physical wellness checks to staff, and delivering awareness campaigns on a number of key wellbeing topics such as influenza, and work/life balance.
- Running educational Wellness Days for frontline staff, with 874 employees completing them during the year.





## Our health, safety, and wellbeing performance

We appreciate the importance of a positive health and safety climate. We monitor our health and safety climate through two main measures:

- The Health, Safety & Wellbeing Net Promoter Score which gives an indication of how positively our people believe we 'do' health, safety and wellbeing.
- The Just Culture Score which gives an indication of whether our people feel we seek to blame people, or learn to improve when things go wrong.

We survey our people every six months in relation to these two measures. While both measures have shown improvements since being introduced in 2019, the measures remained relatively stable from 2020/21 to 2021/22, indicating the importance of continuing efforts to improve our health and safety climate.

Reports of injury events, uncontrolled hazards, and near miss events by our staff have decreased over the last three years, due to training and awareness, and better access to resources. This decrease has intensified during the last financial year, most likely due to changes in operations, and increased staff absences as a consequence of COVID-19.

We will be introducing a new health and safety reporting system in the next financial year. The new system will simplify event reporting, reducing the time invested by staff while also allowing for better risk assessment across the organisation.

In 2021/22, we notified WorkSafe of 10 incidents that were serious enough to require reporting (2020/21: 10). There were an additional four incidents identified as having a credible potential for a serious injury outcome. Seven of the serious incidents reported were related to assaults on staff (2020/21: four).

Preventing assaults against our staff is a top priority. We recognise that violence in prison is a complex issue with multiple contributing factors. We have developed a violence and aggression programme which includes site-specific plans to address the issue and, in mid-2022, we held a two-day Reducing Violence and Aggression Summit with senior leaders and union members from across the country discussing specific initiatives and plans in place across the network.

In 2022/23, we will continue our critical risk journey by rolling out Control Assessments for violence and aggression, and by defining controls for working with electricity, vehicles, and the administration of medication to those in prison. We plan to increase access to health and safety expertise at our prison sites, continuing the provision of professional supervision support for high-risk work, offer an improved Employee Assistance Programme, and trial triaged psychological services for our people where clinically appropriate.

## Our critical risks



# ***Our assets and performance***





## ***Our strategic asset management***

We manage more than \$4.6 billion in non-current assets, including prisons and Community Corrections sites, their supporting infrastructure such as stormwater and wastewater assets, electronic security infrastructure, vehicles, machinery used in prison industries, and custom software applications.

### ***Long-term view of physical infrastructure***

The execution of our long-term investment plan is an essential part of Hōkai Rangi and the provision of a prison network which balances the four cornerstones of capacity (beds), demand (population), quality, and utilisation. Our infrastructure and facilities management must meet the health, safety and wellbeing needs of staff, the people we manage, and visitors.

We have started work on future facilities requirements and the quality and required service levels. Master planning for custodial sites along with the development of design standards will ensure optimal site development using consistent, fit-for-purpose design principles.

### ***Staff and visitors have modern and safe Community sites***

We have consolidated Community Corrections sites in both Dunedin and Christchurch which incorporate better safety and security design features, and provide fit-for-purpose rehabilitative spaces. New premises were also secured in Wellington and Queenstown which address our seismic requirements. The programme of enhanced security features in reception areas across 28 sites is nearly complete with one site remaining at 30 June 2022.

## ***Our digital environment***

We are increasingly moving away from owning hardware and software that is traditionally hosted on-site to consuming products and services that are offered by cloud-hosted service providers.

We have upgraded the infrastructure assets and underlying software for our core line of business applications, specifically our Integrated Offender Management System and our Enterprise Resource Planning system, which runs our people and capability, finance, and procurement functions.

Our Network Modernisation project to upgrade and expand the capability and capacity of digital networks into prisons and Community Corrections sites is continuing. Deployment of modern tools, in particular those that aid mobile ways of working using technology such as laptops, tablets, smartphones, collaboration tools, and cloud-based remote access capability continues.



## ***New prison builds delivered humane and secure environments***

A reduction in the prison population, alongside the addition of new prison capacity, has allowed us to review the status of existing beds across our prisons. As a result, 492 beds have been closed. This has included decommissioning beds approaching their operational end of life and temporary bed closures.

This year saw the completion of the Modular Units build project, part of the prison capacity programme. All eight units at the five prison sites have been completed and commissioned, and work continues on the new Waikeria Prison.

The 600-bed facility at Waikeria Prison, includes Hikitia – Central Region Mental Health and Addiction Service. Refer to page 86 for more information about Hikitia.

The new Waikeria Prison project delivery by the contractor continues to be impacted by supply chain issues which are prevalent across the New Zealand construction sector, in particular labour and sub-contractors necessary to meet programme commitments, and to some extent COVID-19-related constraints on productivity. We are continuing to assess these impacts and adjust programme execution plans on an ongoing basis.

In 2021/22, we added 122 new beds to women's prisons with the completion of Huritini and Te Waihora modular units at Christchurch Women's Prison. We also added 122 new beds to the men's prisons with the completion of Tawhai and Tehikoinga modular units at Tongariro prison. A further 732 new beds under the modular programme have been completed and commissioned.

## ***Working with Māori service providers***

One of the key actions from Hōkai Rangī is to develop new models for working effectively with Māori service providers to achieve the best possible outcomes for Māori. This includes procurement, contracting, and training. Our new model has been developed as Ara Poutama Aotearoa's Commissioning Framework.

Consultation with Māori social services providers and government agency commissioning and procurement specialists provided us with a better understanding of current and historical behaviours. This was instrumental in the delivery of the new Framework by ensuring the voice of Māori was authentically represented and reflected.

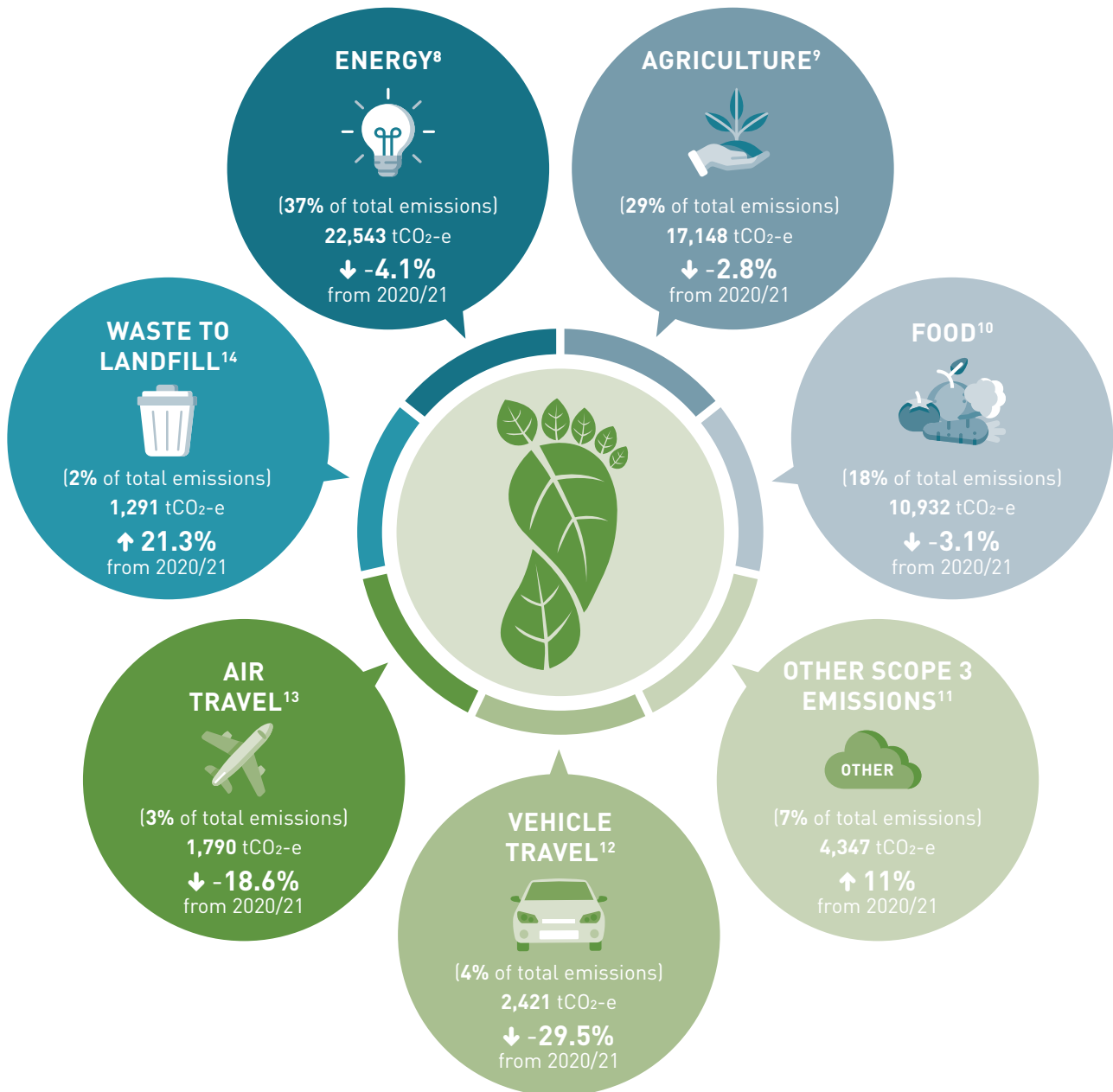
The Framework is Te Tiriti partnership-led and recognises the foundational Māori Crown Te Tiriti partnership required to support people we manage and their whānau. It is also a significant step in the way we will look to commission, procure, and manage services and products. The next stage involves the operationalisation of the Framework through our people, processes, and technology, and those of our partners.

## Understanding our environmental impact

We have continued to improve our understanding of our baseline greenhouse gas emissions to inform our emission reduction strategy. This has included a further expansion of our emissions data across purchased goods and services, agriculture, goods distribution, energy, travel, and emissions associated with working from home.

In 2021/22, our verified emissions<sup>6</sup> totalled 60,472 tCO<sub>2</sub>-e (total tonnes of carbon dioxide equivalent units), a 4.1 percent decrease from last year.<sup>7</sup>

### Changes in our greenhouse gas emissions from 2020/21 to 2021/22:



6. Our emissions inventory has now been externally audited and verified for the first time by Toitū Envirocare. This includes our restated base-year emissions and 2021/22 emissions.

7. Prior year emissions have been restated using 2022 Ministry for the Environment factors.

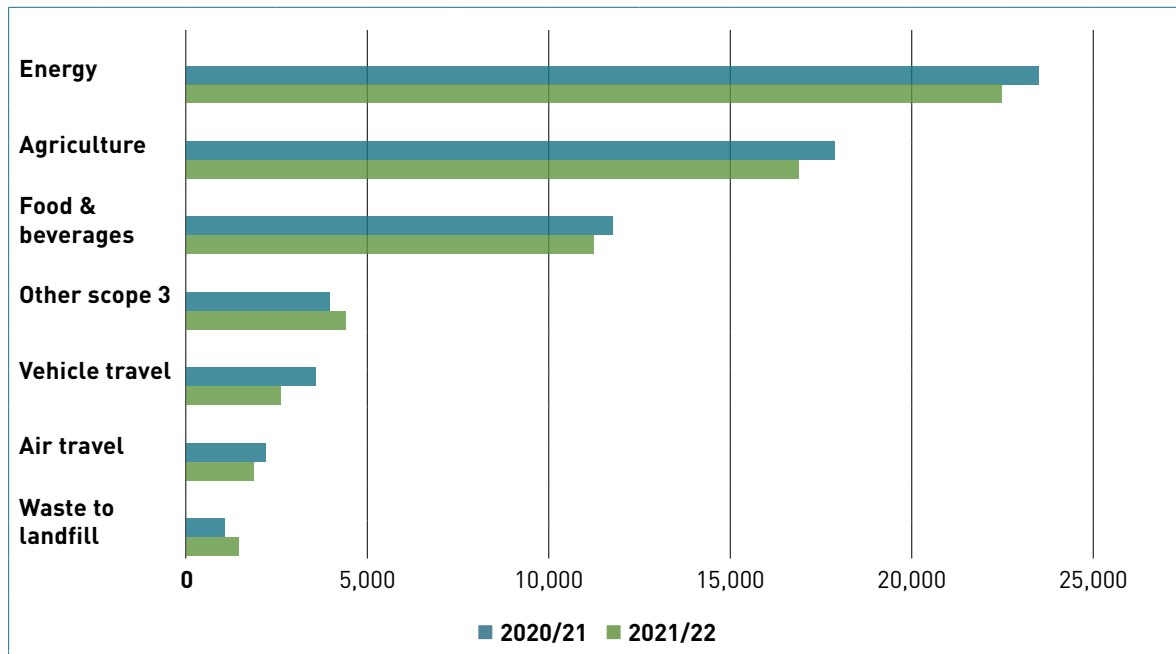
8. There has been a scope expansion to include bulk fuel and bulk bottled gas in addition to the existing measures for diesel, gas, coal, wood, LPG, and purchased energy (21,526 tCO<sub>2</sub>-e). Current year transmission and distribution losses associated with electricity and gas (1,017 tCO<sub>2</sub>-e) have also been reclassified to 'Energy' from 'Other scope 3 emissions' for the 2021/22 year. (2020/21: 23,498 tCO<sub>2</sub>-e).

Prior year emissions have been restated to include the prior year reclassification (1,081 tCO<sub>2</sub>-e), scope expansion (393 tCO<sub>2</sub>-e), gas (-966 tCO<sub>2</sub>-e), electricity (12 tCO<sub>2</sub>-e), wood reclassification (9 tCO<sub>2</sub>-e) and recalculation of emissions using the 2022 Ministry for the Environment factors (372 tCO<sub>2</sub>-e).

Our purchased energy provider generates 100 percent of their electricity from renewable sources (wind, water, and sun).

Footnotes continued over page

## Emission Sources (t-CO<sub>2</sub>-e)



Stationary energy emissions have decreased by 955 tCO<sub>2</sub>-e (4.1 percent) compared to last year. The biggest contributor was National Office, which saw a reduction of 270 tCO<sub>2</sub>-e due to relocating to a more efficient building built to 4-star NABERSNZ (National Australian Built Environment Rating System New Zealand) requirements.

COVID-19 restrictions continued to impact operations. Air travel (18.6 percent decrease) and fleet (29.5 percent decrease) both had favourable reductions in CO<sub>2</sub> emissions compared to last year.

Emissions from agriculture have decreased by 2.8 percent due to a reduction in stock numbers.

Our expanded scope has resulted in us reporting an additional 16,231 tCO<sub>2</sub>-e for 2020/21 to what was stated in the 2020/21 annual report. The largest of these sources is food, which accounts for 18 percent of our total emissions. This year, emissions from food have reduced by 3.1 percent compared to 2020/21 due to a decline in the prison population.

In prison, COVID-19 has paused waste sorting programmes which, along with the volume of personal protective equipment used, meant an increase in waste to landfill across the network.

We expect emissions will change in some areas as our data and reporting continues to mature, planned changes across our network are implemented, and COVID-19 restrictions ease. To bring our overall emissions trajectory down in line with current Carbon Neutral Government Programme requirements, we will continue to identify and implement ways of working to minimise the climate impacts from our operations.

### Footnotes continued

9. Calculated from livestock data at 30 June 2022. There has been a scope expansion to include Auckland Farm (104 tCO<sub>2</sub>-e) and fertiliser (1,603 tCO<sub>2</sub>-e) (2020/21: 17,651 tCO<sub>2</sub>-e). Prior year emissions have been restated to include the scope expansion (1,687 tCO<sub>2</sub>-e) and emissions recalculated using the 2022 Ministry for the Environment factors (862 tCO<sub>2</sub>-e).
10. New reporting measure (2020/21: 11,283 tCO<sub>2</sub>-e). Food and beverage emissions have been calculated using Motu emission factors ([https://motu-www.motu.org.nz/wpapers/14\\_05.pdf](https://motu-www.motu.org.nz/wpapers/14_05.pdf)).
11. This category includes emissions from staff accommodation and the distribution of goods (547 tCO<sub>2</sub>-e). Additionally there has been a current year reclassification to include water (940 tCO<sub>2</sub>-e) and construction materials (264 tCO<sub>2</sub>-e). Scope expansion includes new measures for working from home (153 tCO<sub>2</sub>-e), refrigerant gas use (293 tCO<sub>2</sub>-e), office products (874 tCO<sub>2</sub>-e), personal care products (562 tCO<sub>2</sub>-e), and cleaning and janitorial products (714 tCO<sub>2</sub>-e) (2020/21: 3,916 tCO<sub>2</sub>-e). Prior year emissions have been restated to include scope expansion (2,788 tCO<sub>2</sub>-e), a restatement of water (-99 tCO<sub>2</sub>-e), and construction (219 tCO<sub>2</sub>-e), prior year reclassification of transmission and distribution losses to 'Energy' (1,081 tCO<sub>2</sub>-e), and construction materials from 'Waste' to 'Purchased goods and services' (34 tCO<sub>2</sub>-e), and emissions recalculated using the 2022 Ministry for the Environment factors (31 tCO<sub>2</sub>-e).
12. This category includes emissions from prisoner transfers, rental vehicles, light commercial fleet, and prison escort vans owned by Corrections (2,315 tCO<sub>2</sub>-e). Additionally there has been a scope expansion to include private vehicles, taxi, and public transport emissions (106 tCO<sub>2</sub>-e) for the 2021/22 year (2020/21: 3,435 tCO<sub>2</sub>-e). Prior year emissions have been restated to include scope expansion (80 tCO<sub>2</sub>-e), recalculation of emissions using the 2022 Ministry for the Environment factors (3 tCO<sub>2</sub>-e), and a restatement of rental vehicles (-59 tCO<sub>2</sub>-e).
13. Air travel booked through Corrections' air travel systems and chartered prisoner transfer flights (2020/21: 2,198 tCO<sub>2</sub>-e (8.9m km)).
14. Waste includes National Office, prison, and Community Corrections sites (2020/21: 1,064 tCO<sub>2</sub>-e). Prior year emissions have been restated due to the prior year reclassification of construction materials (-35 tCO<sub>2</sub>-e) from 'Waste' to 'Purchased goods and services'.



## Greenhouse Gas Emissions - tonnes CO<sub>2</sub>-e

Scope <sup>15</sup>	Emissions source	2020/21	2021/22
Scope 1 - Fuel	Stationary combustion <sup>16</sup>	16,020	15,368
	Fleet vehicles <sup>17</sup>	2,981	1,990
	Biofuel and biomass	42	46
Scope 1 - Refrigerant gas use	Fugitive emissions	14	293
Scope 1 - Agriculture	Enteric fermentation	11,808	11,301
	Manure management	2,266	2,201
	Agricultural soils	2,145	2,043
	Fertiliser use	1,432	1,603
<b>Scope 1 Total</b>		<b>36,708</b>	<b>34,845</b>
Scope 2 - Purchased electricity		6,350	6,112
<b>Scope 2 Total</b>		<b>6,350</b>	<b>6,112</b>
Scope 3 - Transmission and distribution losses		1,086	1,017
Scope 3 - Prisoner transfer	Third-party vehicles	232	225
	Aircraft	412	467
Scope 3 - Business travel	Rental vehicles	142	100
	Private vehicles	18	35
	Taxi	55	35
	Public transport	7	36
	Air travel	1,786	1,323
	Hotel stay	224	200
Scope 3 - Upstream and downstream distribution of goods		552	347
Scope 3 - Working from home	Staff working from home (waste and electricity)	161	153
Scope 3 - Purchased goods and services	Construction materials	253	264
	Office products	924	874
	Food and beverages	11,283	10,932
	Personal care products	478	562
	Cleaning and janitorial products	724	714
Scope 3 - Water supply and wastewater	Water supply	36	57
	Wastewater treatment	550	883
Scope 3 - Waste generated in operations	Landfill waste	1,064	1,291
<b>Scope 3 Total</b>		<b>19,987</b>	<b>19,515</b>
<b>Total emissions (tCO<sub>2</sub>-e)</b>		<b>63,045</b>	<b>60,472</b>
<b>% change from 2020/21 base year</b>			<b>(4.1%)</b>
<b>Reconciliation to 2020/21 Annual Report</b>			
Scope expansion and refinement of data capture		(15,346) <sup>18</sup>	
2022 Mfe emission factor restatement		(1,511)	
<b>2020/21 Annual report emissions</b>		<b>46,188</b>	

15. The Greenhouse Gas Protocol places emission sources into three activity types: Scope 1 (direct greenhouse gas (GHG) emissions from sources owned or controlled by Corrections), Scope 2 (indirect GHG emissions from the generation of purchased energy), and Scope 3 (other indirect GHG emissions occurring due to our activities but generated from sources that Corrections does not own or control).

16. Stationary combustion includes natural gas, LPG, diesel, carbon dioxide, petrol, and coal.

17. Light commercial fleet and prison escort vans owned by Corrections.

18. Includes prior year scope expansion (16,231 tCO<sub>2</sub>-e) and refinement of data capture (-885 tCO<sub>2</sub>-e).

## **Emission intensity by full-time equivalents (FTE), expenditure, and prison population**

Since last year, we have experienced a growth in expenditure, a reduction in FTEs, and a reduction in the prison population. Overall, the total tCO<sub>2</sub>-e has reduced. While it is too early to identify trends and correlations in these datasets, this forms our baseline to build on in future years.

	2020/21	2021/22	Change
<b>KPI</b>			
tCO <sub>2</sub> -e	63,045	60,472	-4.08%
Average FTE	9,967	9,764	-2.04%
Prison population as at 30 June 2022	8,397	7,728	-7.97%
Total operating expenditure <sup>19</sup>	\$1,466M	\$1,493M	1.84%
<b>Emissions intensity</b>			
Total gross emissions per FTE in tCO <sub>2</sub> -e	6.33	6.19	-2.21%
Total gross emissions per million dollars of expenditure in tCO <sub>2</sub> -e	43.00	40.50	-5.81%

### **Our commitment**

As climate impacts become increasingly visible, and the interdependence between human and environmental wellbeing get clearer, we are committed to doing our part to restore balance with Te Taiao, our natural environment.

Over the past year, our work has included:

- Establishing a dedicated sustainability team
- Achieving verification of our emissions inventory for our base year (2020/21) and 2021/22, in accordance with ISO 14064-1
- Approving gross emission reduction targets of 21 percent by 2025 and 42 percent by 2030, as recommended by the Ministry for the Environment in line with the Science Based Targets Initiative<sup>20</sup>
- A programme to phase out coal at Invercargill Prison
- Accelerating our fleet electrification programme
- Identifying and planning further initiatives toward meeting our targets, focusing on our two most significant impact areas of stationary combustion and agriculture
- We also have a programme underway to assess our business risks associated with climate change impacts.

While emissions per FTE is a frequent measure for organisations to use, it does not account for the several thousand people being managed within our prisons and in the community. Therefore, we have included the prison population to more accurately reflect the context in which we operate.

### **Accelerating fleet electrification**

Corrections' total fleet exceeds 1,900 assets ranging from light commercial vehicles, prisoner escort vehicles, trucks, and mobile plant that includes industrial and agricultural mobile plant assets as well as towable plant assets. We are actively working through a fleet programme of investment initiatives geared towards making the fleet safer, greener, and more productive.

A signature achievement for the fleet has been the adoption in November 2021 of the Fleet Decarbonisation Optimisation and Transition Plan where Corrections will be targeting a zero-carbon fleet by 2030, assuming zero-carbon options become available.

During 2021/22, we replaced 25 fossil fuelled vehicles with 25 fully electric vehicles, and installed charging infrastructure for 43 electric vehicles across 14 sites. This brings our current total as at 30 June 2022 to 59 fully electric vehicles and 115 petrol hybrid vehicles in our light commercial fleet, with 105 electrical chargers across 27 sites.

Over the next three years, as part of our Fleet Decarbonisation Optimisation and Transition Plan and our Smart Vehicle Systems project, we intend to reduce the light commercial fleet by 110 vehicles and replace a minimum of 300 fossil fuelled vehicles with fully electric vehicles. The fleet programme will also see a total of 340 chargers being installed across 120 sites in support of the uplift of the electric vehicle fleet.

19. Total operating expenditure excluding capital charge and depreciation and amortisation.

20. <https://sciencebasedtargets.org/resources/legacy/2019/04/foundations-of-SBT-setting.pdf>

### Conservation and restoration work

Prison and community work contributes to conservation outcomes through activities such as tree planting, gardening and restoring waterways in partnership with councils, iwi and NGOs.

The 'Good to Grow' partnership with the Department of Conservation – Te Papa Atawhai has tracked 244,171 hours spent on projects incorporating maintenance, manufacturing traps, nursery, planting, recycling/re-purposing and weed control involving 2,177 people from both prisons and community work.

People in prisons have also grown significant fresh produce to donate to local food banks and food rescue organisations.

### Pathways to employment in environmental regeneration

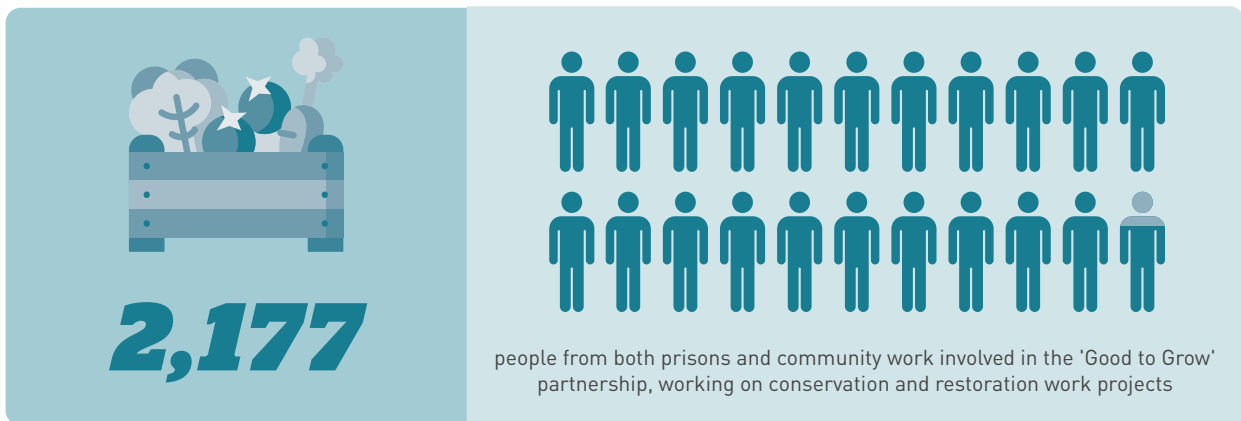
Men in Manawatu Prison have grown thousands of native plants which have been planted on land near Te Ahu a Turanga - Manawatū Tararua Highway, as part of a collaboration with Rangitāne o Manawatū, Waka Kotahi, and Awapuni Nurseries. This work sequesters carbon and contributes to biodiversity, while providing training and qualifications in horticulture, with several of the men who have been involved in the project being offered related employment upon release.

### Reducing waste to landfill

As part of an ongoing commitment to Broader Outcomes<sup>21</sup> and environmental sustainability, Corrections continually works with our suppliers to identify more sustainable solutions, including reducing chemical-based products, choosing more sustainable packaging options, and supporting social enterprise.

We continue to partner with Waste Management Ltd to identify opportunities for further waste minimisation initiatives, including both operational and educational initiatives.

In May 2022, Waste Management Ltd presented Corrections with a Certificate of Sustainability Award for preventing the equivalent of over 54,864 plastic shopping bags (equating to 0.30 tonnes of plastic) going into landfill for the 12 months to 1 April 2022, by deploying reusable sharps containers. We are proud of our strong partnership with Waste Management, continually working together on projects that reduce our environmental footprint.



21. <https://www.procurement.govt.nz/broader-outcomes/>

## Our financial overview

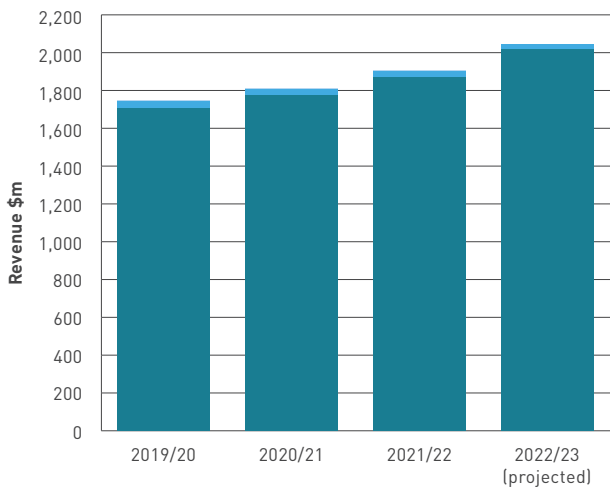
Our total operating expenditure for 2021/22 was \$1.9 billion, which was \$39.5 million higher than 2020/21, but within four percent of our approved funding.

The year-on-year increase in expenditure was largely due to capital charge, as the result of the prior year-end increased valuation of land and buildings, and personnel costs where a reduction in the number of employees (a decrease of three percent) was offset by the impact of frontline collective salary increases.

While our revenue is predominantly funded by the Crown, we also generate a small revenue stream from our prison-based employment activities such as farming, distribution, and other industries. In 2021/22 we also recognised one-off other revenues of a \$7.4 million on Public Private Partnership re-financing, and \$4.5 million from insurance proceeds received due to the Waikeria riot.

The graph below illustrates the sources of Corrections' revenue.

### Revenue Trends



**KEY:**

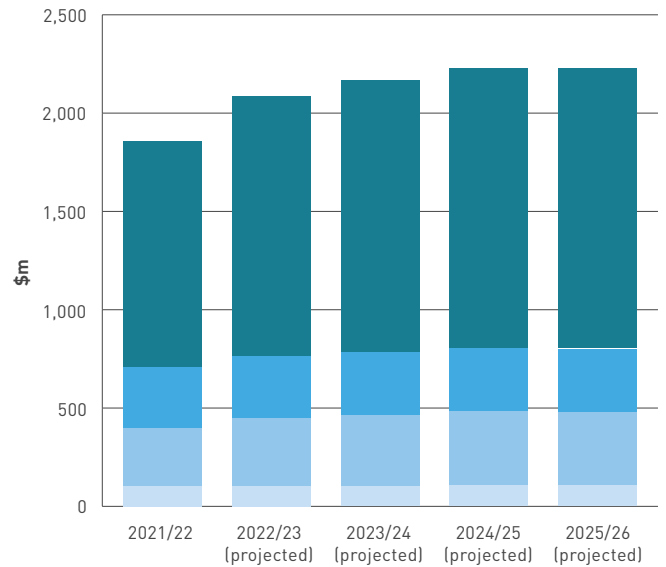
- Crown revenue
- Offender employment revenue
- Other revenue

## Operating expenditure by output

The following graph shows our funded Departmental operating expenditure to 2025/26.

We remain committed to reducing re-offending. During 2021/22, we increased our spend in this area by \$25.0 million to \$322.2 million. We will also continue to increase our investment in strengthening rehabilitation and reintegration services.

### Expenditure Appropriation Projections to 2025/26



**KEY:**

- Custodial services
- Community services
- Rehabilitation and reintegration
- Servicing the Judiciary and the New Zealand Parole Board, providing policy advice and ministerial services

## Operating expenditure by category

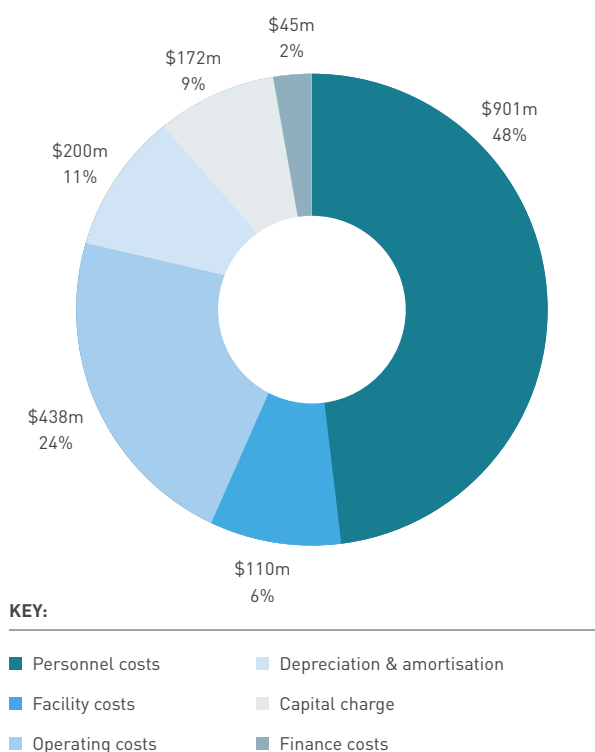
Almost 80 percent of our \$1.9 billion spend in 2021/22 related to personnel and asset ownership costs. Personnel costs were \$900.6 million in 2021/22, 48 percent of our total spend. The majority of our workforce is deployed in frontline roles, which are highly specialised and require a considerable investment in upfront and ongoing training.

In 2021/22, we recognised costs of \$10.6 million due to the direct impact of COVID-19 response, predominantly personal protective equipment and cleaning.

The graph on the following page illustrates the composition of total expenditure by major expense category.



### Total Departmental Operating Expenditure by Major Expense Category



### Asset base

We own \$4.6 billion of non-current assets that operate the length of the country, with many facilities operating 24 hours a day, seven days a week. Our non-current assets include:

- \$4,554.8 million of property, plant, and equipment
- \$13.1 million of assets related to prison-based employment activities, including farming
- \$33.7 million of intangibles (software) including offender management systems
- \$21.9 million of derivative financial instruments (interest rate swaps with the New Zealand Debt Management Office).

Depreciation and amortisation, capital charge, and finance costs represent 22 percent of our 2021/22 operating expenses.

Corrections' asset base, which includes 17 public prisons and one private prison, must be fit-for-purpose, safe, and secure. Our facilities must ensure public safety and enable the completion of sentences, while also enabling employment, training, skills development, and rehabilitation opportunities for the people we are managing.

### Capital expenditure

We incurred \$315.1 million of capital spend in 2021/22, which included \$138.0 million for property assets, \$151.4 million on the Waikeria Prison Public Private Partnership development,

\$11.0 million on information technology incorporating hardware and capitalised intangibles, and \$14.7 million on other items such as fleet and plant replacements.

Property expenditure included \$63.6 million on internal prison capacity programmes in the year, \$19.8 million for general property and prison development projects, \$24.8 million for minor works and asset replacements, \$24.0 million for electronic security, and \$5.8 million for Community Corrections site developments. We continue to invest in the prison network so that we can effectively manage any future changes in the prison population as well as enabling the removal, where possible, of sub-optimal capacity.

### Non-departmental appropriation

We received an appropriation of \$1.0 million (excluding GST) for this financial year to facilitate infrastructure improvements relating to the development of Waikeria Prison. Actual expenditure for 2021/22 was \$0.2 million (excluding GST), with the underspend attributable to delays in the final resealing of the State Highway 3 overpass.

### Justice Cluster

New Zealand's public finance system has a high level of transparency and accountability by international standards, but the New Zealand Treasury sees opportunities to create a more modern, agile, flexible, innovative and joined-up public sector through its reform. The Government has responded accordingly, establishing a Justice Cluster as part of Budget 2022 to pilot a different approach to Budgets with a view to:

- increasing collaboration across public service agencies
- improving value for money
- strengthening delivery of the Government's wellbeing priorities.

In 2021/22, we participated in the budget pilot that saw Corrections and four other Justice agencies (Ministry of Justice, New Zealand Police, the Crown Law Office, and the Serious Fraud Office) working together to agree cluster level priorities that take account of wider Government priorities and a multi-year funding path that covered cost pressures and new spending.

### Justice Cluster Spending Review

A spending review of Corrections was completed in February 2022 by the Treasury and Justice Cluster agencies. Corrections always seeks best value for money from its spending while needing to be properly resourced to achieve its outcomes. The spending review process supports both objectives by seeking to better understand the returns from current spending and to assess future funding needs. The spending review was completed to inform finalisation of the justice sector funding that was announced as part of Budget 2022.

***Our governance,  
assurance, and  
oversight***



## ***Governance, assurance, and oversight***

Corrections has robust governance, assurance, and oversight arrangements. These arrangements ensure the people we manage are treated fairly, the corrections system is operating effectively, and we use public funds appropriately. We are on track to progress Hōkai Rangi, and we are honouring our Te Tiriti o Waitangi and stewardship obligations.

Following the introduction of Hōkai Rangi, we strengthened these functions by re-aligning our executive leadership roles, organisational functions, and governance and assurance structures.

Our Executive Leadership Team meets regularly to discuss strategic performance and operational challenges and opportunities. Governance structures at every level of Corrections provide clear escalation channels to ensure critical issues are visible at the highest levels of the organisation.

Key governance groups are outlined below. Many other advisory groups and boards meet regularly to oversee specific areas of our operations.

### ***Key executive governance groups***

- The Executive Leadership Team Strategy Committee sets and executes our long-term strategic direction in line with Hōkai Rangi and the wider justice sector and the Government's strategic priorities.
- The Investment Committee directs investment and resources to carry out Corrections' and the Government's strategic objectives.
- The Organisational Performance Committee provides organisation-wide oversight and governance of the integrated performance of Corrections in line with its strategic priorities, and governance over assurance activities.
- The Audit and Risk Committee is independently chaired and provides advice on our risk processes, assurance programmes, and control environment.
- We have targeted portfolio committees which oversee the operating performance and business change aspects of their various assets, programmes, and projects.

### ***Key operational and policy-based governance groups***

- The Health, Safety and Wellbeing Risk Governance Group focuses on serious risks to health and safety, notably effective hazard identification and risk management.
- The Wellness and Wellbeing Insights & Advisory Group for People in the Care of Ara Poutama Aotearoa includes seven independent members and offers advice on areas where improvements to welfare and wellbeing can be considered and achieved. It also considers how to address issues raised through inspections undertaken by the Office of the Ombudsman – Kaitiaki Mana Tangata and the Inspectorate.
- The Security Reference Group is a cross-functional group supporting the Chief Security Officer to coordinate security controls, review security incidents, and recommend appropriate process improvements.





## ***The Inspectorate***

The Office of the Inspectorate – Te Tari Tirohia provides independent assurance that people in the corrections system are treated in a fair, safe, secure, and humane way. Its functions include the investigation of complaints, prison inspections, thematic inspections, the investigation of all deaths in custody, special investigations and statutory reviews of Visitor Prohibition Orders and misconduct charges.

While the Inspectorate is part of Corrections, it is independent from operational activities and management to ensure objectivity and integrity. The Chief Inspector reports directly to the Chief Executive.

In 2021/22, the Inspectorate dealt with 5,566 cases.

### ***Redesigning the complaints system***

In 2021, an independent external party was contracted to complete a review of the Corrections' complaints system, with oversight from the Chief Inspector. The review, *Redesigning the Ara Poutama Complaints System: Working towards a manaakitanga approach*, proposed a redesign of the complaints system to move Corrections towards a model that places the person at the centre. It highlighted key changes to improve outcomes and wellbeing, such as strengthened policy, the use of dedicated staff, and improving access.

The Inspectorate dealt with 4,654 complaints in 2021/22, a decrease of 16 percent from the previous year. Ninety-eight percent of complaints came from people in prisons. The most frequent complaint categories were the complaints process, prisoner property, health services, and staff conduct and attitude.

Refer to page 191 for information about redesigning the complaints system.

### ***Promoting continuous improvement***

Prison inspections aim to identify innovation and good practice, while giving early warning of emerging risks and concerns. Following each inspection, a report is written which includes findings and recommendations. In 2021/22, inspections reports were released for Auckland South Corrections Facility, Invercargill Prison, Christchurch Women's Prison, and Arohata Prison.

Two thematic inspection reports were published in 2021/22.

The first report examined inter-prison transfers, the rationale and challenges associated with the movement of people between prisons, and provided insight into the impacts of these movements on individuals, and their family and whānau.

The second report looked at the lived experience of women in prison. It found that many women were likely to be caring for children, had low levels of literacy, had experienced trauma and abuse, and had mental health and substance use disorders.

The Inspectorate is also conducting a review into the use of directed segregation (or similar regimes), and the use of force in New Zealand prisons.

These inspections promote a culture of continuous improvement, and are being used to enhance the management of people in the corrections system, and practice, procedures and policies.

Refer to page 192 for more information about these inspections.



## **Death in custody investigations**

In 2021/22, there were 22 deaths in custody, a decrease of two from 2020/21. The Inspectorate investigates all such events. The reports contain findings and recommendations for improvements to Corrections' policies and procedures, and are provided to Corrections' senior leaders, the Coroner, and the Office of the Ombudsman.

The Inspectorate is conducting a thematic review of apparent suicides and incidents of self-harm/threat to life in prisons from 1 July 2016 to 30 June 2021 with the aim of providing better outcomes for people in custody.

This review is analysing a range of factors surrounding incidents involving apparent suicide and self-harm/threat to life. It will consider strategies and approaches to ensure that all people in prison are kept safe, and identify how serious harm can be prevented.

Important work has been done over a number of years to address suicide and self-harm. Several thematic reviews have been completed in an effort to identify areas of intervention. In 2021, a Suicide Advisory Group was formed which included senior Corrections staff as well as representatives from external agencies including the Suicide Prevention Office and the Suicide Mortality Review Committee. This group oversaw the development of the Ara Poutama Aotearoa Suicide Prevention and Postvention Action Plan (2022-2025)<sup>22</sup>, which was published in March 2022. The plan outlines a range of short- and long-term actions, and is key to efforts currently being taken to reduce the prevalence of suicide and self-harm.

## **Other investigations**

The Chief Inspector is leading an investigation into the circumstances of the riot at Waikeria Prison between 29 December 2020 and 3 January 2021. The Inquiry has investigated what was known prior to the riot, reviewed the response as the incident unfolded, and considered the preparedness of Corrections for a major incident at this site and across the entire prison network.

The Inspectorate has also joined with the Independent Police Conduct Authority – Mana Whanonga Pirihimana Motuhake and the Inspector-General of Intelligence and Security – Te Pourewa Mātaki to conduct a coordinated review of the actions of New Zealand Police, the Department of Corrections, and the New Zealand Security Intelligence Service – Te Pā Whakamarumaruru leading up to the attack by Mr Ahamed Samsudeen at New Lynn Countdown on 3 September 2021.

22. [https://www.corrections.govt.nz/resources/strategic\\_reports/suicide\\_prevention\\_and\\_postvention\\_action\\_plan\\_2022-2025](https://www.corrections.govt.nz/resources/strategic_reports/suicide_prevention_and_postvention_action_plan_2022-2025)

## Our work with external oversight entities

We work closely with external oversight entities to ensure we meet our stewardship obligations, our accountabilities to the people of Aotearoa New Zealand, and our obligations to people we manage. Key external oversight entities are:

- The Office of the Ombudsman is the National Preventative Mechanism responsible for monitoring Corrections facilities. The Ombudsman provides advice and guidance, undertakes investigations, and makes recommendations in accordance with several different pieces of legislation. The Ombudsman also manages complaints about government agency responses under the *Official Information Act 1982*.
- Children's Commission - Manaakitia ā Tātou Tamariki is the National Preventative Mechanism which undertakes inspections of Mothers with Babies units.
- The Human Rights Commission – Te Kāhui Tika Tangata is the Central National Preventative Mechanism for Aotearoa New Zealand. It oversees Corrections' treatment of people, and offers advocacy and mediation services to people in prison, in the community, and the general public.
- The Privacy Commission – Te Mana Mātāpono Matapatu oversees privacy issues. Its role is set out in the *Privacy Act 2020*.
- The Health and Disability Commissioner – Te Toihau Hauora Hauātanga responds to complaints and provides advocacy services to people in prison. Its role is defined in the *Health and Disability Commissioner Act 1994*.

- The Mental Health and Wellbeing Commission – Te Hiringa Mahara provides system-level oversight of mental health and wellbeing in Aotearoa New Zealand. Its role is set out in the *Mental Health and Wellbeing Commission Act 2020*.

The external oversight entities' recommendations promote a culture of continuous improvement and directly contribute to our initiatives and strategic goals.

In May 2021, we launched a new Recommendations Reviewer tool and process to provide staff responsible for actioning and assuring recommendations with a single location to track and monitor the progress of recommendations made by both internal teams and external monitoring entities. The new tool also enables Corrections' senior leaders to identify systemic issues and trends from monitoring entity recommendations, which can be incorporated into our organisational planning and improvements. In 2021, we also analysed themes from Ombudsman and Children's Commissioner reports to inform the *Wāhine - E rere ana ki te pae hou Women's Strategy 2021 - 2025*.

In February 2022, the Office of the Privacy Commissioner initiated an investigation into *Privacy Act 2020* compliance and privacy practice at Corrections. Of the 29 recommendations, we accepted 12, partially accepted 16, and did not accept one. Prior to the investigation, we had strengthened our Privacy team who are delivering a work programme designed to improve our frontline staff's understanding and delivery of privacy management. Since the investigation, we have enhanced our privacy guidance and delivered privacy training to several sites. Work is proceeding on an online privacy awareness module, as well as other identified opportunities to deliver a 'privacy safe' approach at Corrections. In 2021/22, we also reported seven privacy breaches to the Office of the Privacy Commissioner.

In May 2021, the Chief Ombudsman announced a self-initiated investigation into Corrections, which is expected to run to the end of 2022 or early 2023. The investigation will focus on the treatment and conditions of people in corrections facilities, opportunities for constructive activity, and performance monitoring and review processes. The Chief Ombudsman will consider these issues through the lens of our Te Tiriti o Waitangi and stewardship obligations. Independent oversight and review is important to help identify further opportunities for organisational improvement. There are strong links between the Chief Ombudsman's areas of focus, and the areas we have identified for change in Hōkai Rangī, and we look forward to receiving the investigation report in due course.

### **Being accountable to New Zealanders**

We are committed to the principles of transparency and openness as a vital aspect of being accountable to the people of Aotearoa New Zealand. The *Official Information Act 1982* (OIA) is a key mechanism to promote these principles.

### **Official Information Act (OIA) requests**

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Received	8,996	7,638	6,824	5,335	4,345	3,566
Sent	8,855	7,491	6,392	5,057	4,054	3,568
Timeliness %	99.2	96.8	98.2	98.5	98.3	97.0
% released in full	91.0	94.2	93.1	88.6	88.0	N/A
Average days to respond	6.0	8.5	5.5	6.3	9.2	8.4
Ombudsman Investigations	15	27	31	34	27	45
Ombudsman Final Opinions	7	5	9	5	7	19
OIAs per Ministerial Services staff	520:1	424:1	487:1	381:1	290:1	223:1

The OIA aims to increase the availability of official information to the public to enable their participation in the making and administration of laws and policies. It also aims to promote the accountability of Ministers of the Crown and officials, thereby enhancing respect for the law and promoting the good governance of Aotearoa New Zealand.

Our positive record of meeting our OIA obligations highlights our commitment to these important principles. In 2021/22, we received and responded to 8,855 OIA requests into our National Office from people we are managing, members of the public, media, and members of Parliament [2020/21: 7,491]. Of those sent, 99.2 percent were responded to within legislated timeframes. We also updated our Official Information Guide for staff, and provided targeted training to specialist staff. In 2021/22, we proactively released 31 responses to OIA requests, and five Cabinet papers.



# ***PART A:***

*Contributions to priorities  
and delivery of outcomes*





*Public safety is  
improved*



## *We are improving safety in prisons*

The safety of Corrections staff and people in prisons is our top priority. Our staff manage some of New Zealand's most complex people in a difficult and challenging environment. A number of multifaceted factors contribute to violence in prison.

- More than 80 percent of the prison population have convictions for violence in their offending histories.
- Gang affiliation is a known predictor of violence, and gang members are over-represented in acts of disorder and violence in prison. In 2021/22, the proportion of the prison population with a gang affiliation was 35 percent, the same as 2020/21.
- A growing proportion of people in prison are on remand, and there is a strong statistical association between remand status and incidents of assault within prison.
- A growing proportion of people in prison have histories of extensive methamphetamine use which is associated with significant and lasting impacts on mental and emotional functioning, including issues such as anger control.

While it is not possible to eliminate the threat of violence in prison entirely, we are constantly working to provide the safest environment possible for staff and people in prison.

### **Serious prisoner-on-staff assaults**

Violence in prison is not tolerated, and anyone who resorts to this behaviour is held to account. Staff are trained in de-escalation techniques, and interpersonal and tactical communications skills. They also have tools such as stab-resistant vests and body-worn cameras to help enhance their safety. We also have a large programme of work underway, working with unions, sites, and staff members to improve safety in prisons.

During 2021/22, there were 15 unique incidents of serious<sup>23</sup> prisoner-on-staff assaults [2020/21: 26], resulting in harm to 17 staff members [2020/21: 28]. In the same period, there were 24 incidents of serious prisoner-on-prisoner assault [2020/21: 38], in which 24 people were harmed [2020/21: 38]. These violent incidents are unacceptable. We are doing everything possible to keep staff and people in prison safe.



### **Local staff safety initiative being expanded nationwide**

A frontline initiative to improve staff safety at Northern Region prisons has proved so successful it is now being offered nationwide. The Tactical Options Teams (TOT) initiative was developed by Senior Adviser Ema Fifita, with support from Deputy Prison Director Dave Bullians.

As part of our Reducing Violence and Aggression Work Plan, all prisons have the opportunity to establish their own TOT teams.

"Our Tactical Options Team members are our future leaders and enthusiastic about safety," says Dave Bullians.

"The team's vision is to increase the safe practice of all staff through consistent delivery of high quality training education and resources."

The team builds on good things that are already happening, learns from doing, and innovates to find new and alternative ways of achieving better outcomes.

"This is what success look like," says Dave. "Staff are taking responsibility for their own development and driving culture change at their sites.

"Using tactical options isn't just about responding with a use of force. It should begin with the first engagement with people in prison, when we say good morning to the last act of the day at lock up. Without staff safety, all the other good stuff can't happen."

23. Serious assaults are acts of violence that include one or more of the following: bodily harm requiring medical intervention by medical staff followed by overnight hospitalisation (beyond initial assessment or medical observation) in a medical facility; bodily harm requiring extended periods of ongoing medical intervention; or sexual assault of any form and degree where Police charges have been laid.



## Improving staff safety

We have implemented a work programme that encompasses the Violence and Aggression Joint Action Plan, with the Corrections Association of New Zealand (CANZ) and the Public Service Association (PSA), along with a number of other activities that focus on the safety of our staff working in prisons. The plan has since expanded into a wider reducing violence and aggression work programme that involves a number of activities dedicated to improving staff safety.

Corrections, CANZ, and the PSA agreed to a refreshed Action Plan, which was signed off in August 2022.

Actions completed or underway in 2021/22 include:

- A pilot of an improved internal disciplinary process was completed in March 2022, and is now being rolled out to all sites
- A pilot of consistently using the 105 online tool for staff to report assaults directly to Police is underway
- Prosecutors in all regions have received enhanced training
- Three pilots of in-person hostage/suicide refresher training have been completed, and training is rolling out to sites
- A review of personal protective equipment has been completed, and recommendations are progressing through the Executive Leadership Team
- A trial of improved body-worn cameras was carried out in early 2021. These were progressively rolled out to all sites, with the rollout completed in September 2022
- In conjunction with the Making Shifts Work programme (see page 56), profiling work to better understand operations and inform options for shifts has been completed. It is expected this work may identify opportunities to remove low-value work and free up Corrections Officers to focus more on face-to-face interactions with people in prison with a rehabilitative and wellbeing focus
- Updated Post-Incident Response Team training was rolled out in December 2021
- Staff Welfare Coordinators received 'train-the-trainer' sessions, enabling them to deliver training to other staff members
- We are engaging with unions on developing advanced psychological resilience training for frontline staff
- All sites have developed site-specific violence and aggression plans, and identified their key areas of focus.

Under the Reducing Violence and Aggression Work Programme, we continue to work with union partners, staff, and site leadership to:

- Continue rolling out training to enhance incident reporting and prosecutions, a key part of ensuring that people who cause violence and aggression in prison are held to account
- Consult with unions and the public on proposed changes to the *Corrections Act 2004* to improve disciplinary processes
- Continue the rollout of in-person hostage and suicide training
- Continue engaging with unions and prison directors on how to ensure appropriate staffing levels and minimise non-value add activities
- Continue to roll out updated Post-Incident Response Team training to all sites
- Continue implementation of physical wellness checks for staff
- Trial post-incident psychological support for staff
- Support sites to work on the key areas they have identified through their site violence and aggression plans
- Continue developing site union engagement agreements
- Staff Wellness Day content is being refreshed and reviewed for information and activities that assist staff to stay safe and connected in the workplace
- The development of a learning pathway focused on reducing violence and aggression is underway
- Improve the capability of Corrections staff to prevent and respond to violence and aggression, including a focus on training and recruitment.

## ***Making Shifts Work***

- Making Shifts Work is a multi-year project to change how we roster custodial staff and operate prisons, and is a partnership with CANZ and the PSA.
- After the full implementation of Making Shifts Work, it is intended that people in prison benefit from improved meal and medication times, more whānau-friendly visiting times, and longer enabled unlock in high security. Staff work fewer but longer shifts with up to 56 extra rostered days off per year, have every second weekend rostered off, and have shorter 'runs' of consecutive days at work.
- The project closed in June 2022 having delivered full benefits to 11 prisons, near-full staff benefits to four others, and partial benefits to the remaining two prisons under Corrections management.

## ***Keeping prisons safe from contraband***

We place significant emphasis on preventing and detecting contraband in prisons. Contraband includes alcohol, communication devices, drugs, drug paraphernalia, tattoo equipment, tobacco, tobacco paraphernalia, weapons, and other miscellaneous items that people in prison could use in inappropriate ways to jeopardise the safety of prisons.

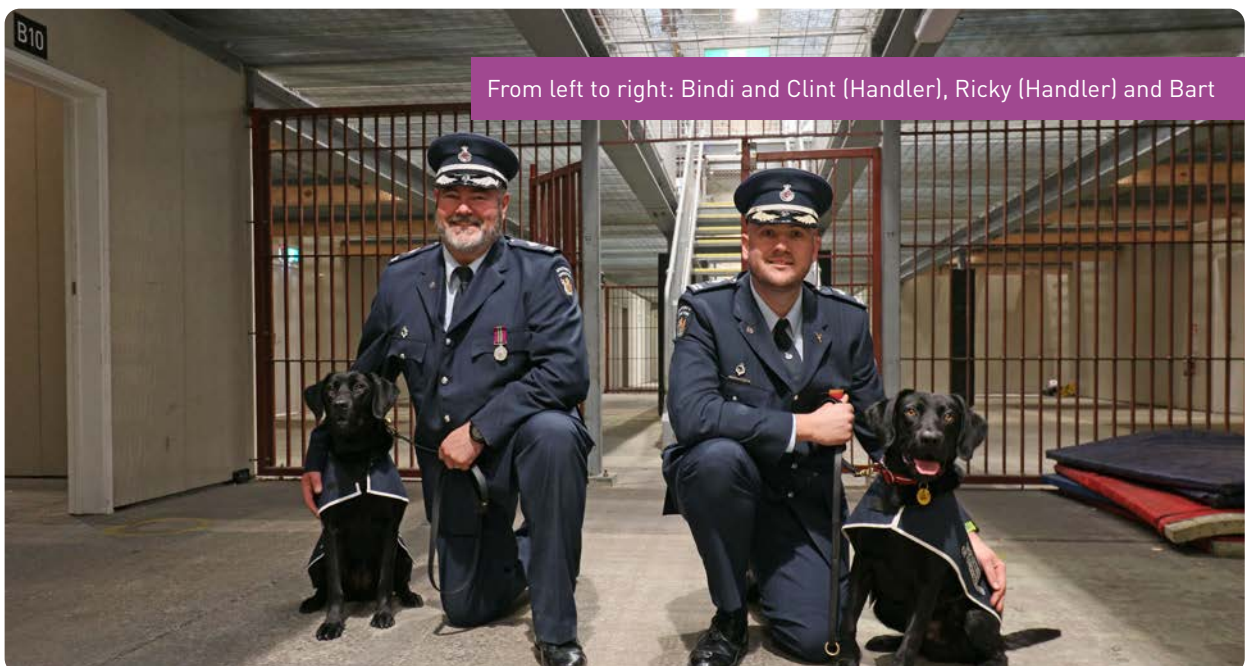
Following the successful trial and implementation of full body scanning at Rimutaka Prison, we are continuing to introduce this technology at other prison sites. Feedback indicated full body scanning was a more efficient and safer alternative to strip searches, which helped maintain people's dignity.

In line with our Women's Strategy 2021-2025, our three women's prisons will be the next sites to receive full body scanners.

Other methods we use to detect contraband include searches of vehicles and people entering prisons, scanners and x-ray machines at entry points, extensive prison perimeter security, camera surveillance, mail and telephone monitoring, and banning visitors who attempt to bring contraband into prisons.

We also have 22 operational drug detector dog handlers operating 26 dogs, including those trained to detect mobile phones, SIM cards, tobacco, psychoactive substances, and illicitly brewed alcohol. We were the first agency in Aotearoa New Zealand to train our detector dogs to detect new psychoactive substances, including synthetic cannabis.

In 2021/22, more than 5,300 incidents involving contraband were reported [2020/21: 6,782]. The decrease in incidents is expected as COVID-19 restrictions led to fewer opportunities for contraband to be introduced into prisons. There were also 1,340 general random drug tests undertaken in prisons in 2021/22 (2020/21: 3,522) to detect the use of contraband. Of these, 95.8 percent returned a negative result [2020/21: 96.2 percent].



From left to right: Bindi and Clint (Handler), Ricky (Handler) and Bart



## **Gangs in prisons**

Gangs in various forms have existed in Aotearoa New Zealand communities and prisons for several generations. As within the community, the proportion of people in prison identified as gang members has been steadily increasing over the last 30 years. This is an ongoing problem recognised by Corrections, Police, and other justice sector partners, and therefore supports our ongoing commitment and contribution to the cross-government response to organised crime – Resilience to Organised Crime in Communities.

Details of a person's gang affiliation are recorded when they are received into prison, or at any other time we become aware of the affiliation. We work closely with the Gang Intelligence Centre, Police (for example, the National Organised Crime Group), and others to identify gangs, gang members, and their impact.

The number of gang members in prison as at 30 June 2022 was 2,684, representing 35 percent of the population [2020/21: 2,938, 35 percent]. All 15 men's prisons have a Gang Management Plan which sets out actions to mitigate the risks at each site.

We actively work to contain the negative influence of gang members in prisons, disrupt the efforts and capabilities of gang members to organise and commit crime, and reduce the re-offending rates and harm caused by gangs.

We take all reasonable steps to discourage people from gang membership by providing programmes and opportunities to support them to disassociate themselves from criminal offending and seek support in addressing addiction, offending, and reintegration needs.

We offer a range of rehabilitation programmes and opportunities, which support people to build sustainable and law-abiding lifestyles. This can include engaging support from community, cultural and religious leaders, or other supports such as family members, assessment and treatment from a Corrections psychologist, and engagement in rehabilitation programmes.

In the past year, we have also focused on reducing the harm created and experienced within gang communities by establishing connections with alternative community providers who have established trusted working relationships within the gang communities through the health and social services they provide. These providers also utilise people with lived experiences in kaimahi roles to engage, motivate, and demonstrate how change can take place to their wider communities.

Together with the community providers our staff are able to engage more effectively with individuals and whānau who are on the fringe of our communities, identify areas of need, and appropriate supports. Different services and programmes include methamphetamine education, pathways and support into addiction recovery, whakapapa connection, mentoring, work training, study and employment.

## **Remand population**

Corrections continues to manage a much higher proportion of remand prisoners than has been previously experienced. This is largely due to the volume of cases currently moving through the criminal justice system, and the increased time taken to resolve them. By its nature, the remand environment is one of significant turnover.

People on remand come into prison with a variety of factors contributing to their risk of re-offending and subsequent risk they pose in the community. These factors can result in the decision to be remanded in custody and not to remand on bail. People on remand often arrive into custody with many complex issues and immediate needs that require attention. These can include addiction problems, forensic health issues, or a history of violence-related offending.

Prisons were traditionally built for a remand population of around 15 percent of the total prison population, however remand prisoners are around 40 percent of the male prison population, and 50 percent of the women's prison population as at 30 June 2022. Due to this significant shift in the population, Corrections is moving to better support the remand population in relation to their wellbeing and associated risk of re-offending. We are also conducting a needs analysis across the prison estate to determine where and what treatment and interventions will have the most impact to support people to achieve an offence-free lifestyle.

## ***Persons of extreme risk***

We manage a small number of people identified as holding extremist views or displaying risk factors and indicators specific to radicalisation or violent extremism. In 2019, we established the Persons of Extreme Risk Directorate (PERD) as this group required a tailored approach to be managed safely. The Directorate brings together staff with the right skills, capability, and experience.

The Directorate manages a specialist Prisoners of Extreme Risk Unit (PERU). Individuals managed in this unit present an extreme risk to the safety of the public, our staff, other people in prison, and include those who are at risk from others. All PERU staff receive comprehensive induction training and ongoing training to enhance their skills and knowledge working with this group. Regular practice supervision is provided for the team to improve their practice for those in our management and to maintain staff wellbeing. In 2020/21, the PERU expanded, and as at 30 June 2022, nine men were managed in the unit.

The Directorate also provides oversight and support to manage a small number of extreme risk people in other prisons and in the community. This risk may be due to their ongoing risk of serious violence, which requires additional management, or their capability to influence others to engage in serious violence or threats to others, including staff. While these risks may include violent extremism, this is not always the case. They may present safety and security challenges that cannot be mitigated with a mainstream management approach.

Additional measures may be required to safely manage individuals connected to sophisticated organised criminal networks, with the capability to seriously threaten the safety and security of a prison. This is accomplished by PERD taking an intelligence-based, consistent and planned approach to manage people who present a long-term chronic risk of harm.

PERD continue to apply this approach with the regional teams, have increased the caseload of individuals managed and developed the capability and capacity of the PERU. In addition, we have enabled staff from across the regions to gain experience in the management of this cohort. A number have now returned to their sites with enhanced skills and knowledge.

## ***A reduction in the prison population***

One of the most significant changes in recent years is the reduction of the prison population. In March 2018, the rate of imprisonment was 218 per 100,000 of the population. At 30 June 2022, the rate of imprisonment was 148 per 100,000 (a 32 percent reduction over four years). For Māori, the imprisonment rate in March 2018 was 657 per 100,000. At 30 June 2022 it was 454 per 100,000 (a 31 percent reduction over four years).

There are a range of dynamic factors that influence the prison population, including the number of arrests, court decisions, releases, and seasonal trends. Corrections does not make decisions about who is in prison or when people are released. However, we contribute to the safe reduction of the prison population by giving people in prison the best chance to live an offence-free life when they leave.

We continue to work with our justice sector partners to safely reduce the prison population with a particular focus on reducing the Māori prison population. Corrections' High Impact Innovation Programme also works on improvements to the justice system, some of which have seen an increase in people who can safely be managed in the community being able to successfully apply for bail or receive a community sentence.

## Prison population

Month end	Remand	Sentenced	Total onsite	Total offsite*	Total population
30-Jun-22	3,058	4,572	7,630	98	7,728
30-Jun-21	3,048	5,228	8,276	121	8,397
30-Jun-20	3,408	5,977	9,385	84	9,469
30-Jun-19	3,435	6,455	9,890	79	9,969
26-Mar-18**	3,315	7,355	10,670	150	10,820

\* People in offsite locations such as mental health facilities and police custody.

\*\* 26 March 2018 represents the peak prison population.

## Changes from peak prison population at 26 March 2018 to 30 June 2022

	Reduction in population	Reduction
Prison population	3,092	29%
Māori	1,273	24%
Men	2,716	27%
Women	376	46%



# Prison network

As at 30 June 2022

## A Northland Region Corrections Facility Region: Northern • Opened: 2005

489   
 437   
 296  
 Gender    Custody status   
 Security classification ●●●●

## C Mt Eden Corrections Facility Region: Northern • Opened: 2011

1,112   
 914   
 505  
 Gender    Custody status   
 Security classification ●●●●

## E Auckland South Corrections Facility Region: Northern • Opened: 2015

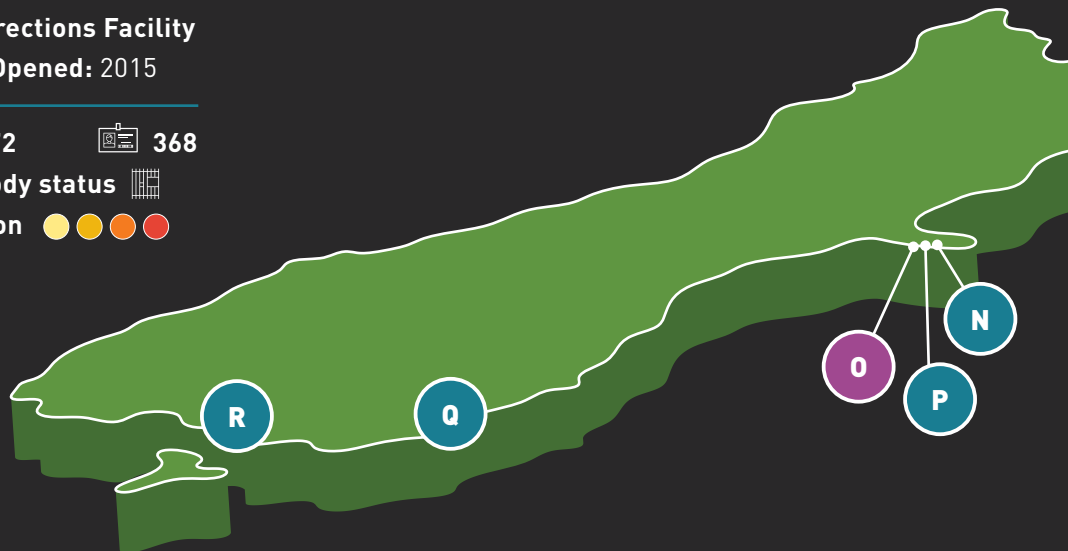
960   
 772   
 368  
 Gender    Custody status   
 Security classification ●●●●

## B Auckland Prison Region: Northern • Opened: 1968

620   
 523   
 480  
 Gender    Custody status   
 Security classification ●●●●●●

## D Auckland Region Women's Corrections Facility Region: Northern • Opened: 2006

346   
 249   
 316  
 Gender    Custody status   
 Security classification ●●●●●●



## F Spring Hill Corrections Facility Region: Central • Opened: 2007

892   
 733   
 456  
 Gender    Custody status   
 Security classification ●●●●●●

## G Waikeria Prison Region: Central • Opened: 1911

460   
 426   
 390  
 Gender    Custody status   
 Security classification ●●●●●●

## H Tongariro Prison Region: Central • Opened: 1978

370   
 363   
 206  
 Gender    Custody status   
 Security classification ●●●●

## I Whanganui Prison Region: Lower North • Opened: 1978

447   
 383   
 315  
 Gender    Custody status   
 Security classification ●●●●●●



J

### Hawke's Bay Regional Prison

Region: Lower North • Opened: 1989

Operational capacity 567 People in prison 468 Number of staff 385

Gender Custody status

Security classification ●●●●

K

### Manawatu Prison

Region: Lower North • Opened: 1979

Operational capacity 251 People in prison 231 Number of staff 171

Gender Custody status

Security classification ●●●●

L

### Rimutaka Prison

Region: Lower North • Opened: 1967

Operational capacity 710 People in prison 564 Number of staff 565

Gender Custody status

Security classification ●●●●

M

### Arohata Prison

Region: Lower North • Opened: 1944

Operational capacity 164 People in prison 106 Number of staff 142

Gender Custody status

Security classification ●●●●

O

### Christchurch Women's Prison

Region: Southern • Opened: 1974

Operational capacity 140 People in prison 83 Number of staff 136

Gender Custody status

Security classification ●●●●

N

### Christchurch Men's Prison

Region: Southern • Opened: 1915

Operational capacity 841 People in prison 770 Number of staff 603

Gender Custody status

Security classification ●●●●

P

### Rolleston Prison

Region: Southern • Opened: 1958

Operational capacity 260 People in prison 254 Number of staff 185

Gender Custody status

Security classification ●●●●

Q

### Otago Corrections Facility

Region: Southern • Opened: 2007

Operational capacity 457 People in prison 340 Number of staff 311

Gender Custody status

Security classification ●●●●

R

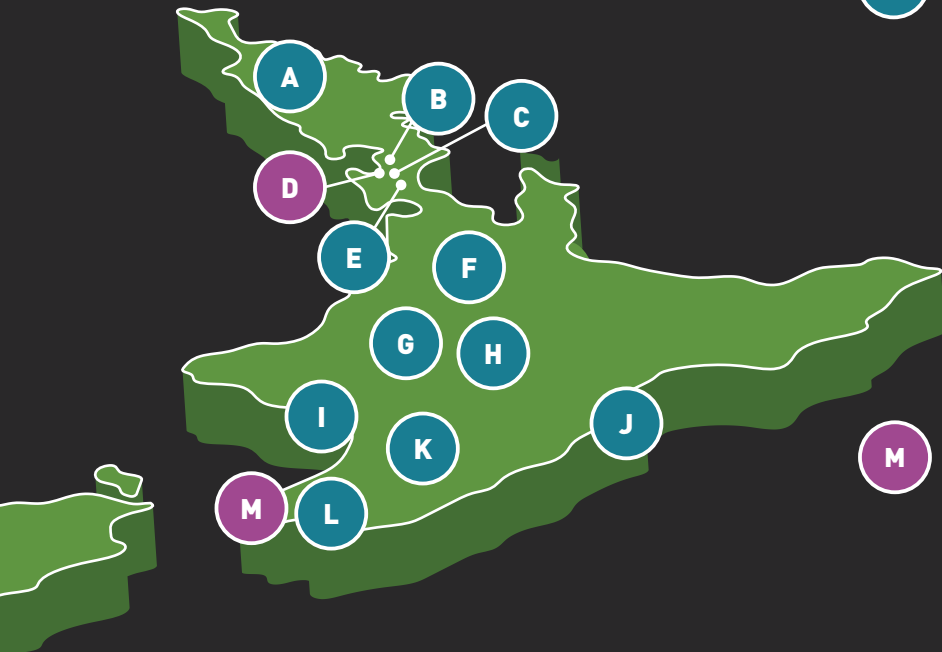
### Invercargill Prison

Region: Southern • Opened: 1910

Operational capacity 135 People in prison 112 Number of staff 110

Gender Custody status

Security classification ●●●●



#### Key

Operational capacity

People in prison

Number of staff

Gender

#### Custody status

Remand Sentenced

#### Security classification

Minimum

Low

Low-Medium

High

Maximum

## Safety in the community

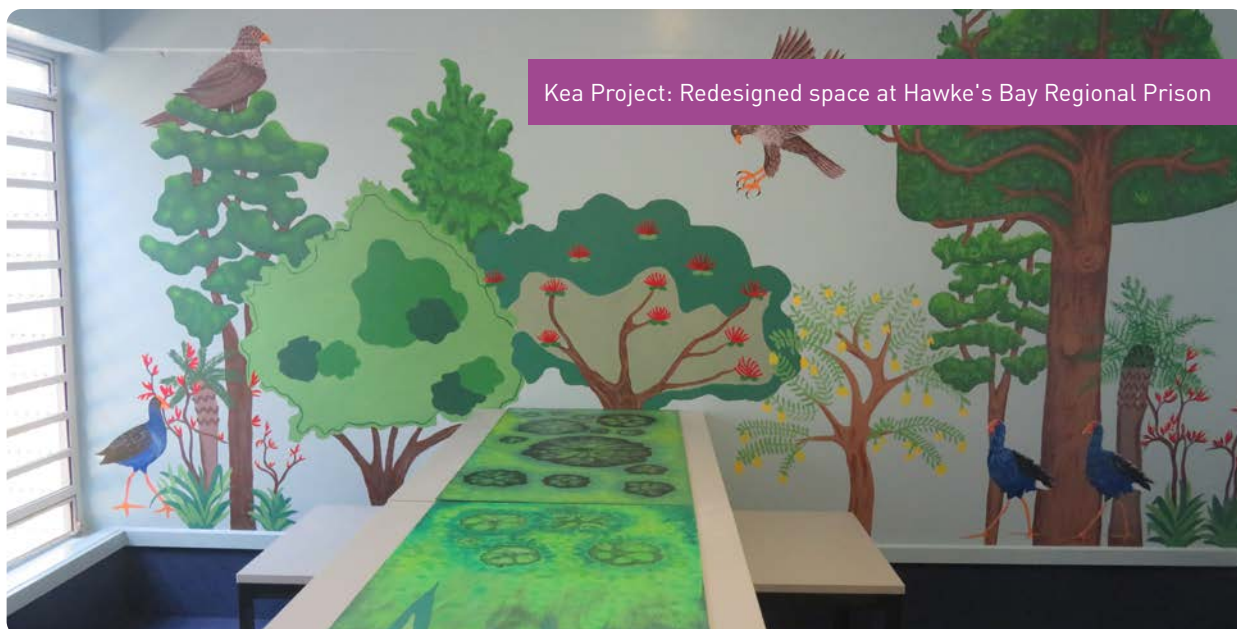
### Supporting people in the community

The High Impact Innovation Programme (HIIP) is a cross-sector programme that designs and delivers improvements across the criminal justice system. While the programme was established in 2018 to reduce the remand prison population through safe community alternatives, the focus has expanded to improve the system more broadly.

The work emphasises safer and more effective pathways for defendants, people in prison, whānau and victims of crime. Initiatives are generally piloted, measured, and evaluated, then expanded if effective.

In 2021/22, HIIP delivered a number of initiatives, including:

- **Victim Notification App (ViNA):** We have developed a secure, online portal ViNA for communicating with victims of crime. ViNA enables people to receive timely notifications, and control how they receive information. It is designed to enhance the mana of victims and support them with compassion and empathy.
- **Te Pae Oranga panels:** We are leading a project that allows probation officers to join Police Officers in being able to refer people who are at risk of not complying with their community-based sentences or orders to Te Pae Oranga panels. The panels are made up of representatives from iwi and the community, and work to guide people away from an otherwise predictable pattern of re-offending and non-compliance.
- **Kea:** We have designed and implemented the Kea Project to serve the needs of tamariki who are impacted by the experiences of a parent's incarceration. The project makes visiting a parent in prison more friendly for tamariki, and encourages valuable bonds between whānau to be nurtured and strengthened. This project was impacted by COVID-19 during the year.
- **Prisoner contact:** We have set up the Prisoner Contact team to facilitate contact between lawyers and their clients in custody. The team triage requests from lawyers for in-person prison visits to ensure lawyers are able to obtain instructions and complete adequate preparation for upcoming trials. The team have assisted with developing processes for defendants to be tested for COVID-19 before appearing for trials, and for those appearing in court remotely. They also assist other parties, such as Restorative Justice, the Criminal Case Review Commission – Te Kāhui Tātari Ture, and Community Corrections staff to make contact with people in custody.
- **Wellbeing continuity on release:** We work with the Ministry of Social Development to provide a service for people being released from prison with health and wellbeing needs. In the prisons the service is operating in, people leave prison with their benefit and other entitlements pre-arranged, they are enrolled with a GP, and connected to health and wellbeing services in their community. The project aims to address poor health after release, which is a significant risk factor for recidivism.



- **Sentencing Ready:** We set up the Sentencing Ready team to help to manage cases through the sentencing process and address the high remand-convicted prisoner population. The team acts as a centralised point of contact between probation and court staff, defence counsel, and Police prosecutors, to ensure that all parties have the information they require for sentencing to proceed as scheduled. With this support, judges can make more informed and timely sentencing decisions.

HIP works across the justice and social sectors, working with Police, Ministry of Justice, iwi, non-government organisations, and others to improve experiences at multiple points across the system. Throughout 2021/22, we provided programme management and specialised support to the following strategic government initiatives.

- **Te Ao Mārama:** We provided central coordination and programme management to the Te Ao Mārama programme. Led by the Chief District Court Judge, the programme applies best practice from specialist courts into the mainstream branches of the District Court. This creates a fairer system where everyone can access justice, regardless of their background.
- **Criminal Process Improvement Programme (CPIP):** CPIP is a cross-sector initiative which aims to reduce the backlog of court cases by making changes across all stages of the court system. We have supported CPIP with programme and change management support, and are leading one of the nine workstreams – Sentencing Stage Best Practice.
- **Te Whānau-ā-Apanui:** Te Whānau-ā-Apanui is a collective of 13 hapū based in Eastern Bay of Plenty which is in Treaty negotiations with the Crown. Through these negotiations, the iwi has partnered with justice sector agencies to redesign the way the justice system responds to the unique needs of whānau. We are leading a programme to analyse the impact of the justice system to the rohe, and explore ways to make the system fairer and more responsive to their needs.
- **Electronically Monitored Bail for Rangatahi:** Oranga Tamariki is leading a programme of work to improve outcomes for young people in the youth justice system. We are supporting this work by creating a service to support people 18 years and younger to achieve and succeed on electronically monitored bail where this is appropriate. We aim to have fewer young people remanded in custody, and support them to make positive change.
- **Bail Support Services (BSS):** BSS is a multi-year programme of work which aims to better support people to apply for and maintain bail and achieve positive change early in their justice system journey. We are implementing the service across Aotearoa with support from justice sector partners. In areas where it is operating, people are more likely to achieve bail, get better sentencing outcomes, and improve their reintegration chances due to the positive changes the service supports them to make in their lives.

## **Electronically monitored sentences**

Corrections manages people who are required to be electronically managed when:

- they have been sentenced to a community-based sentence by a court with electronic monitoring as a condition of their sentence; or
- they have been released from prison where a court or the New Zealand Parole Board have imposed a condition that they be electronically monitored.

Experienced Community Corrections staff actively manage the compliance of people subject to electronic monitoring with their conditions. In 2021/22, we electronically monitored an average of 4,633 sentences or orders in the community at any one time. This does not include people on electronically monitored bail. During this same period, we received and responded to more than 1.9 million electronic monitoring alerts in several ways including contacting the individual being monitored by phone, contacting their whānau, or sending a field officer to investigate.

## **Electronically monitored bail system**

People may also be subject to electronic monitoring (EM) if they have been granted bail by a court, with a condition that they are electronically monitored. People on bail are not managed by Corrections, but we work with Police to manage people on electronically monitored bail.

Our role is to assess a person, the proposed occupants, and their proposed address for their suitability for EM Bail, and manage their compliance with electronic monitoring if EM Bail is granted. We seek the views of Police during this process. Police are responsible for taking action regarding any instances of non-compliance with EM conditions. Bail is release from court or police custody on the condition that the person will appear in court when next required.

## **Returning offenders participate in reintegration services**

The *Returning Offenders (Management and Information) Act 2015* enables us to manage the risk to public safety caused by people who have been imprisoned for an offence overseas returning to New Zealand.

The supervision regime applies to eligible people who have served a term or terms of imprisonment of more than one year in another country. The law applies regardless of whether the individual is deported, removed, or returns voluntarily.

We work alongside Customs, Police, Ministry of Social Development, health and reintegration support providers to ensure that those people returning to Aotearoa New Zealand, and subject to a Returning Offenders Order, understand what is required of them to comply with their conditions and how they can access resettlement support. This support can include accommodation, employment support, case management, clothing, food, and public transport cards, depending on the person's needs.

Probation officers work with people on these orders in the community to support them to live crime-free, and comply with the conditions of their sentences or orders. Their work often involves assisting with practical support around employment, life skills, and accommodation.

Around 1,800 people have been subject to a Returning Offenders Order under the *Returning Offenders (Management and Information) Act 2015*, since it came into force in November 2015, following 2014 changes to the *Australian Migration Act 1958*.

In 2021/22, 221 people completed a Returning Offender Order (2020/21: 255). Of these people, 113 (2020/21: 108) participated in our intensive reintegration services, and 93 percent (2020/21: 89 percent) complied with the conditions of their order.



## **High-risk people monitored on Extended Supervision Orders**

Extended Supervision Orders (ESO) are a post-sentence community-based order that are imposed by the courts on application from Corrections. These orders are used to both monitor and manage the longer-term risks posed by people assessed to be at high risk of sexual offending, or very high risk of violent offending, and who meet the legislative criteria. The orders can be imposed for up to 10 years at a time.

As at 30 June 2022, 221 people were subject to an ESO in the community [30 June 2021: 222].<sup>24</sup>

When subject to an ESO, people are required to comply with an extensive number of standard conditions defined in the *Parole Act 2002*.

Corrections can also apply to the New Zealand Parole Board for special conditions to be imposed. Special conditions can include 24/7 intensive monitoring for the first year of the order, electronic monitoring, restricting a person's whereabouts, alcohol and drug testing, as well as treatment and counselling.

Probation officers actively monitor a person's compliance with these conditions to reduce their likelihood of re-offending, and keep the public safe. They provide ongoing assistance with additional needs, including ongoing treatment, employment, and finding accommodation.

We carry out community notification on the placement of people subject to an ESO on a case-by-case basis depending on their specific risk. When making these decisions, victims are a key consideration. In many cases, sexual offending has occurred in the family setting or smaller communities. Care needs to be taken that any notification does not inadvertently lead to the identification of victims and cause further distress. In making all notification decisions, we balance this risk with the benefit of providing communities with information.

We carry out an extensive and robust process to assess the suitability of every address proposed. A range of factors are considered, including the location of victims, proximity to places designed for children, physical factors such as shared access, location of support services, and the ability to ensure a sufficient GPS signal is available.

Community Corrections staff who manage notifications have strong relationships with the Ministry of Education – Te Tāhuhu o te Mātauranga, early learning centres, schools, boards of trustees, mayors, local MPs, community groups, local residents, and others.

## **Public Protection Orders**

Public Protection Orders are the most serious post-sentence civil detention order in Aotearoa New Zealand, and are imposed by the High Court.

The orders provide Corrections with the ability to manage people who pose a very high risk of imminent and serious sexual or violent offending who cannot be safely managed in the community on an existing sentence or order.

The assessment and application process for a Public Protection Order is extensive. People are subject to thorough psychological assessment processes, which include review of their developmental history and a risk assessment, undertaken based on international best practice. The order protects the public while ensuring the people detained have as much autonomy and quality of life as possible. In 2021/22, three people were detained at the Matawhāiti residence, our civil detention facility.

## **Holding people to account**

We manage people on sentences and orders at the direction of the Courts and the New Zealand Parole Board, and do not determine who is in prison and who is in the community. People in the community must comply with any conditions imposed on them by the Courts or the New Zealand Parole Board.

We take all instances of non-compliance with community-based sentences and orders extremely seriously. We actively manage a person's compliance with their conditions and hold them to account if they breach. Potential penalties can include breach action, increased reporting to Community Corrections, or formal prosecution potentially resulting in imprisonment.

In 2021/22, in 96 percent of cases where an act of non-compliance was noted, the person was held to account [2020/21: 97 percent]. In total 11,952 prosecutions for breaches were closed, resulting in 8,425 convictions. Seventy-nine percent of people successfully completed their community-based sentence or order [2020/21: 76 percent].

24. This number is different from what was reported in the 2020/21 Annual Report as it now includes interim ESOs.

## Corrections facts

As at 30 June 2022



**26,882**

people serving sentences or orders in the community



between

**40 & 400**

hours of unpaid work in the community can be imposed



**79%**

of people successfully completed their community sentence or order (2020/21: 76 percent)



**100+**

Community Corrections sites nationwide



**27**

Community Corrections sites upgraded to enhance security



**221**

people were subject to an Extended Supervision Order in the community [30 June 2021: 222]

### Conditions of community sentences/orders can include:

- GPS and electronic monitoring
- Reporting regularly to Community Corrections
- Restrictions on living and working arrangements
- Restrictions on associating with certain people
- Curfews
- Not consuming alcohol or drugs
- Participation in reintegration/rehabilitation programmes.

## COVID-19

As an organisation, our top priority is safety – of the public, our staff, visitors to our sites, and the people we manage in prisons and the community. From March 2020, we put in place extensive plans to manage the risk presented by COVID-19, and we continuously refined these plans in response to changing Alert Level settings and the introduction of the COVID-19 Protection Framework (traffic light system).

We put in place restrictions in prisons to minimise the spread of COVID-19. At the same time, we worked hard to facilitate virtual visits to people in prison with whānau and legal representation where face-to-face visits could not take place, as well as psychological and rehabilitation programmes. We also provided opportunities for virtual appearances to Courts and the New Zealand Parole Board.

Community Corrections undertook key activities virtually where appropriate and continued to undertake home visits for higher risk individuals. Electronic Monitoring of people on sentences or orders in the community continued throughout our response, including the installation or removal of monitoring equipment.

### Vaccinations in prisons

The promotion of vaccination for people in prison has been a key priority and we have had an on-going focus on promoting vaccination uptake by people in prison. As of 30 June 2022, 72.2 percent of the prison population had received two doses, and 48.5 percent of the prison population had received their booster. As with those in the community, it is up to the individual whether they choose to get vaccinated or not, or whether they get subsequent vaccinations. People in prison can access COVID-19 vaccinations onsite through our prison health centres.

Over the course of New Zealand's response to COVID-19, mandatory vaccination requirements were introduced for our staff. Staff working inside prisons were required to be vaccinated under the *COVID-19 Public Health Response (Vaccinations) Order 2021*. We also made decisions to require vaccination for all other employees, contractors, and visitors to our sites in support of the national effort to stop the spread of COVID-19.

We provided on-going opportunities for our staff to receive COVID-19 vaccinations, including boosters, during work time, in community vaccination clinics or at prison sites. We also offered reimbursement for staff who chose to be vaccinated outside of work hours, in line with Te Kawa Mataaho, Public Sector Commission guidance.

Following the peak of positive cases in April 2022, all COVID-19 vaccination requirements for our staff were lifted, with the exception of our frontline healthcare workers. This included our nurses and other health staff in our prisons, as well as psychologists working for us in the community.

These staff continued to require COVID-19 vaccination under the Government's vaccine mandate for the health and disability sector until this mandate was removed on 26 September 2022.

### Building future resilience to COVID-19

A key objective moving forward is to build resilience to COVID-19 across all parts of our organisation. In late May 2022, we implemented our new COVID-19 Custodial Resilience Operating Framework (CCROF) in prisons, replacing our former three-stage response model. The CCROF provides the required flexibility and support to enable our sites to focus on delivering rehabilitation and reintegration services to people in prison, while keeping staff and people in prison safe.



### Programme innovation driven by COVID-19 challenges

Staff at prison sites throughout the country developed innovative solutions in response to the challenges of delivering programmes affected by COVID-19 protection measures. This included offering some programmes through Audio-Visual Link (AVL).

Corrections staff recognised how important it is that rehabilitation is still available to people in prison and worked together to overcome challenges such as technical and scheduling difficulties.

While it is ideal for many of these programmes to be run in person, there were also some benefits to the forced changes to how they were run. For example, some programmes which are usually only available to the mainstream prison population could also be accessed by people who were voluntarily segregated for their own safety.

One participant in a violence prevention programme said "the move to AVL was a bit weird" to begin with, but that in the end, it felt like he was in the same room as the psychologist.



*Re-offending  
is reduced*





## **Rehabilitation and reintegration services**

Every person's rehabilitation pathway is unique and based on the nature of their offending, their risk of re-offending, their motivation to change, their cultural identity, personal relationships, and their overall wellbeing.

Case managers in prison and probation officers in the community support people to plan their rehabilitative and re-integrative pathway. This includes identifying their needs and matching them to suitable interventions. Psychologists, programme facilitators, mental health and addiction specialists, education tutors, industry instructors, reintegration service providers, whānau, iwi, and many other staff and external partners also play an important role in this process.

### ***Māori Pathways are improving rehabilitation through a kaupapa Māori approach***

The Māori Pathways programme supports the development of kaupapa-Māori based pathways for Māori who enter the corrections system. The Pathways aim to significantly improve rehabilitation and reintegration outcomes for Māori within the context of their whānau, hapū, iwi and communities. Initiatives in this programme will be delivered through Treaty partnerships with Māori, with outcomes driven by interventions and services that are effective and grounded in kaupapa Māori thinking and practices, using a bi-cultural human-centred design approach. This programme supports the wider Hōkai Rangī direction.

The programme is focused on three prison sites together with Community Corrections sites in Te Tai Tokerau, Hawke's Bay, and Christchurch. Māori Pathways provides a fundamental shift in Corrections' strategic approach through Hōkai Rangī to work in partnership with iwi and whānau to improve outcomes for Māori.

Māori Pathways was part of the 2019 Wellbeing Budget, with a \$98 million investment over four years. An additional \$10 million over four years was invested in the Te Mana Wāhine Pathways in the 2021 Budget.

Key positive outcomes of Māori Pathways programme include:

- Empowering our workforce to use manaakitanga to support reflective practice and purposeful conversations with people in our management, and using a whānau-centred approach to provide benefits and support genuine workforce culture change.
- A significant number of prototypes have been prioritised and are being trialled, tested, assessed, and evaluated over the next two years. For example, work is taking place at Christchurch Women's Prison to improve the end-to-end experiences for whānau and women, including improved access to cultural programmes.
- Establishing a workforce of kaiarataki navigators to work directly with whānau at all stages of their engagements with the corrections system. They assist people to set goals, access services, and maintain links with whānau members.
- Creation of High Security Māori Units where tikanga is integrated into day-to-day life of the unit with Pou Arahi roles providing tikanga, Te Reo, kapa haka, and pastoral care.
- Establishing iwi relationship managers to support the Crown - Māori partnership through strategic oversight of the partnership at executive and senior level. The roles provide an iwi lens across Māori Pathways and supports the strategic objectives of Hōkai Rangī.

Māori Pathways has entered its implementation phase with a focus on initiatives such as delivering a digital whānau manaaki plan, increasing workforce culture, practice and capabilities through partnering and co-designing with whānau, hapū, iwi and Māori, which will help achieve our goal to address the over-representation of Māori in the criminal justice system.



## **Rehabilitation based on kaupapa Māori values**

We are committed to reducing re-offending and giving those in our management every opportunity to turn their lives around. We aim to provide people with the right interventions at the right time to encourage them to address their rehabilitation and reintegration needs. To help people address their offending we provide programmes according to offence-related need, and their ability to be responsive to the programme. Our programmes include a focus on motivation to change, cognitive-behavioural interventions and general skills such as education, training, employment, parenting, and practical life skills. Hōkai Rangi asks us to elevate Te Ao Māori approaches within our programmes, and there have been a number of projects initiated by us to this end.

Our suite of rehabilitation programmes aims to address those factors that increase the likelihood that an individual will re-offend. They include motivational programmes, offence-focused programmes, therapeutic communities, individual treatment with registered psychologists, and group programmes.

### **Behaviour addressed through psychological and kaupapa Māori approaches**

We are developing a framework to promote equity and elevate mātauranga Māori and kaupapa Māori theories and practices to the same level as psychological theories and practices. This approach will help uphold our Te Tiriti obligations and align with Hōkai Rangi outcomes.

As of July 2022, Psychology and Programmes employed 149 registered psychologists and around 200 trained Programme Facilitators who work directly with people in our management. People at high risk of serious re-offending generally engage in psychologist-led group and one-on-one treatment. Individual one-on-one treatment can help when a person may not be ready to benefit from group-based programmes, or when they cannot participate in these, usually due to their own complex needs and presentation.

People at medium risk of serious re-offending engage in programme facilitator-led group based treatment. People at low risk of serious re-offending generally do not engage in offence-focused treatment as evidence suggests it can be counterproductive. These people can still engage in a wide range of other interventions to support their wellbeing and reintegration back into the community.

In 2021/22, we delivered 2,086 rehabilitation programme placements in prison [2020/21: 3,687] and a further 2,271 places in the community [2020/21: 4,064]. The number of programme placements was lower than in 2020/21 due to the impact of COVID-19. Eighty percent of participants successfully completed their prison-based programme [2020/21: 88 percent], while 58 percent of participants in the community successfully completed their programme [2020/21: 68 percent].<sup>25</sup>

In 2021/22, 552 people in prison [2020/21: 633] and 284 people in the community [2020/21: 460] engaged in one-on-one treatment with a Corrections psychologist to help address offending-related needs.

Since the introduction of Hōkai Rangi, we have elevated Te Ao Māori approaches, and are designing more programmes from a mātauranga Māori viewpoint. A new organisational structure has helped uplift cultural capability and strengthen programme design, policies and practice.

In 2021/22, a new Kaupapa Māori Practice team was established as part of the wider Psychology and Programmes team. This team will ensure that what we are delivering is meeting the needs of not only Māori but everyone in our management.

This has allowed us to implement and embed nationwide Kaupapa Māori supervision for psychologists, programme facilitators, managers psychological services, and reintegration coordinators. To support Hōkai Rangi and our Treaty of Waitangi obligations, a bicultural model is being developed. This model will allow for psychological and Te Ao Māori approaches to be navigated based on the individual needs of people in our management.

25. The figures for rehabilitation programmes include alcohol and other drug programmes, psychology programmes, and tikanga Māori programmes.

## Offence-focused interventions

Traditional offence-focused interventions focus on motivation to change, cognitive-behavioural interventions and general skills such as problem solving, communication, and self-regulation.

In 2020/21, we undertook a review of our suite of programmes, notably for people with a history of sexual offending and people at medium risk of serious sexual re-offending. We are now piloting a programme for this cohort.

To support the needs of young adults, we moved from delivering location-based youth programmes to a flexible model that enables them to engage in psychological support close to their whānau. To support the needs of women, we began redesigning the Kimihia Women's Violence Prevention Programme. The programme has undergone a collaborative design process that included the women we manage, their whānau, and tangata whenua. We are developing enhanced psychological services to meet the assessment and treatment needs of the women in our management at Auckland Region Women's Corrections Facility and Christchurch Women's Prison.

## Reconnecting with culture - strengthening mana and dignity

We have established programmes that reconnect people with their culture to support their motivation to change and strengthen their mana and dignity.

The Tikanga Māori Motivational Programme is delivered across all prisons and Community Corrections sites. The programme aims to motivate people to change their antisocial behaviour by helping them to understand their cultural identity and encourage and challenge them to understand and embody the kaupapa and tikanga of their tīpuna (ancestors).

We operate five Te Tirohanga focus units to provide kaupapa Māori therapeutic environments in prisons across Aotearoa New Zealand. The units include a range of interventions such as the Mauri Tū Pae group based, offence-focused programme delivered by Māori service providers. We also operate a Mauri Tū Pae maintenance programme so people can access additional support in prisons and in the community after they complete the programme.

We operate the Vaka Fa'aola Pacific Focus Unit at Spring Hill Corrections Facility delivering the Saili Matagi programme for people of Pacific descent. This programme is run by Pasifika facilitators who are bilingual, and can support those for whom the English language is a barrier to rehabilitation.

As with many other initiatives, the delivery of some of these programmes have been adversely affected by COVID-19.



## Creativity knows no bounds in Canterbury

More than 50 artworks created by people from the three Christchurch prisons were exhibited at INSIDEART Creativity Knows No Bounds, a collaboration between Corrections and Oxford Gallery toi o Waimakariri.

Artworks were available for sale, with proceeds going to the Canterbury West Coast Air Rescue Trust. The charity was chosen by contributing artists for the service they offer the community.

"I'm really proud to have my work in a gallery," says a contributing artist. "It's given me confidence that my drawings are something people would like to look at. I told my mum too – she is really proud of me, especially because I gave my art to raise money for charity."

Art tutors say some artists have only discovered their talents in prison and are both excited and nervous about having their work on public display.

For the experienced artists, this has encouraged them to consider art as an employment opportunity on release.



# MANAAKI

*I enhance my own and other people's mana by maintaining a positive attitude and a high respect for others.*



## ***High-risk people supported in Special Treatment Units and other programmes***

People at a high risk of violent or sexual re-offending may be eligible to engage in treatment in one of our Special Treatment Units (STUs). These are therapeutic, residential environments that accommodate our most intensive psychologist-led programmes for people with a history of serious violent or sexual offending. People at risk of serious re-offending can also be placed on a range of other programmes targeted at specific offence types or particular groups.

Men in prison serving short sentences, but with a history of serious or repeated violence, can access a Short Violence Prevention Programme (SVPP). This programme integrates well-established theoretical and therapeutic approaches used by other intensive Corrections programmes targeted at high-risk people. In 2021/22, 37 people started treatment and 11 completed treatment [2020/21: 41 starts, 32 completes]. As with other interventions, these figures reflect a reduction from the previous year due to the impact of COVID-19, and also the closure of Waikeria high security units. This programme has also been adapted to be more flexible and can now be delivered individually.

We also began a review of the SVPP following up on two of the recommendations contained in the 2019 programme evaluation report. The review sought to ascertain whether the SVPP was meeting the needs of short-serving men, and whether the SVPP was meeting the needs of Māori participants through its alignment with Hōkai Rangi.

In 2021/22, 175 people started a programme in one of six prison-based STUs around the country [2020/21: 233]. We piloted a new STU programme for young adults within one of our existing STUs, and worked on the design of wrap-around services for this cohort. In 2021/22, 11 people started our Hamilton community-based Tai Aroha STU [2020/21: 27]. Again this reflects the difficulties of delivering the programme under COVID-19. This service provides treatment and support to people at high risk of violence who are on home detention sentences. We are aiming to expand our psychological services provision for women in Christchurch Women's Prison, are working on an STU for Auckland Region Women's Corrections Facility, expanding young people's programmes within existing STUs, and operating a second community STU in Christchurch.



## ***Reducing re-offending through education, training, and employment***

Education and training are important for rehabilitation pathways that can strengthen a person's confidence while allowing them to develop skills and knowledge they can use meaningfully post-release. When a person is approaching release, we support them to gain employment or continue with further study. Having a job, possibly for the first time, not only helps people become financially independent, but also gives them a sense of purpose which can be a motivator to stay out of prison.

### ***Responding to COVID-19***

Every year, people in prison usually complete hundreds of thousands of hours of industry, treatment, and learning activities. However in the last year, health and safety considerations due to COVID-19 have significantly affected access to these activities.

Responding to COVID-19 risk in the prisons has meant that staff as well as external education providers and education staff were often unable to deliver face-to-face training. Some providers were able to continue self-directed learning via audio-visual links or using prepared workbooks.

In addition, a series of magazine-style books were developed specifically for people in prison while programmes were not available. These books focused on educational achievement and wellbeing, and included mātauranga Māori, embedded literacy and numeracy, and recreational activities.

### ***Education and training***

Within prison education we are working to ensure more people are able to access quality programmes that align to their own goals. We do this by having an Education Pathway Conversation (or review) with people entering the corrections system. Sixty-eight education tutors work one-on-one with people to learn their strengths, achievements, and goals. Recommendations are then made to relevant education and training programmes. In 2021/22 our education tutors prepared 3,175 unique learning pathways [2020/21: 5,738].

However, for those who have learning challenges and/or health challenges, or those who had limited access to school and have no formal qualifications, gaining these skills can need more time and support. The ability to read, write, count, and communicate effectively enables people to participate confidently in the community and to function in a job.

We work closely with external education providers, including Te Pūkenga and others in the tertiary sector, so that access and equity considerations are extended both into the prison environment and post-release. We facilitate a wide range of education and training opportunities, from completing NCEA through to vocational training and higher education.

Support is available to all people in prison who want to strengthen their literacy and numeracy skills. Te Wānanga o Aotearoa provides a national intensive literacy and numeracy programme, and a network of volunteers also support people to improve their literacy in prison, including the New Zealand Howard League for Penal Reform. In 2021/22, 556 people received intensive literacy and numeracy support in prison [2020/21:1,182]. Delivery of this programme was significantly impacted by COVID-19 restrictions during the year.

### ***Mātauranga Māori***

We are expanding the provision for mātauranga Māori subjects to enable people in our management to connect with language, culture, and identity. We are strengthening initiatives for mātauranga Māori such as supporting the kapa haka whakataetae with Te Ao Haka National Certificate in Educational Achievement (NCEA) credits. We are also implementing a new library management system which will allow better matching of the resources we provide to an individual's interests and needs.

### ***Industry, training, and prison-based employment***

We deliver a range of qualifications in prisons, covering building and construction, manufacturing and engineering, horticulture and farming, hospitality, creative industries, and tikanga Māori. We also offer vocational short courses that can be useful in a variety of workplaces. Courses include driver licences, first aid, health and safety, scaffolding, and forklift operation.

Many people also undertake employment within prisons. There are more than 150 business-like industries in prisons across the country, ranging from catering to dairy farming, construction to distribution. Workplaces aim to provide work environments that match, as closely as possible, to real industry environments. There is also the option to gain industry qualifications while working in some prison industries. There are over 300 industry instructors who provide training and guidance to those working and training in prison industries.

Our online computer suites enable learners to access secure websites while in prison. These facilitated sessions develop and enhance digital literacy skills, enable literacy and numeracy online assessment, and allow learners to engage with other online resources. People can also sit learner driver's licence tests, learn budgeting skills, and build a curriculum vitae.

Our Release to Work programme assists people classified as minimum security, and assessed as suitable, to engage in paid employment in the community. Participants have previously taken part in prison-based activities and education to ensure they are well prepared for community-based employment, and that the public are safe.

### **Job placements**

Having a job not only helps people become financially independent, but also gives them a sense of purpose and pride which can be a big motivator in reducing re-offending.

Our This Way for Work employment service is designed to support people with an offending history to find and maintain employment, alongside supporting the employers who hire them. The service has felt the effects of the COVID-19 pandemic, and as such we have seen a slight reduction in the amount of people we have been able to support into employment over the year.

In 2021/22, 1,016 people [2020/21:1,259] were placed into employment. Since the inception of the service in November 2016, the This Way For Work programme has worked with over 2,600 small, medium, and large businesses, and has placed more than 6,500 people into employment.

Our partnerships with community groups, councils, government agencies, and non-profit organisations help us secure suitable, beneficial projects for people serving community work sentences which help them give back to their communities and enhance their work habits. COVID-19 has impacted these programmes, but people on community work still completed 498,871 hours of labour in 2021/22 [2020/21: 740,642 hours].



### **Strengthening our engineering pathway to employment**

A unique engineering pathway at Christchurch Men's Prison is giving participants the skills and qualifications to fabricate, weld and manage projects.

"We are training and qualifying men for employment in industries that are crying out for good qualified workers," says Principal Instructor Joe Sheasby. "Our men are gaining real world skills. We have expanded the qualifications we support to give the men more transferable skills."

Projects have included building kennel units for Husky Rescue, designing and building windows and doors for prisons throughout the country, and the design and build of a room divider for a Community Corrections site.

Joe says new qualifications supporting the pathway have been well received by the men. Recently the Engineering team gathered with the 14 men on the pathway to celebrate their achievements, with nine men achieving their Pre-Trade Certificate and five men also achieving their New Zealand Certificate in Manufacturing. The remaining men are enrolled in either of these courses, with their training underway.

# Prison industries and vocational education

As at 30 June 2022

**A**

**Northland Region Corrections Facility**  
Region: Northern • Opened: 2005

**Industry and training**



**C**

**Mt Eden Corrections Facility**  
Region: Northern • Opened: 2011

**Industry and training**



**E**

**Auckland South Corrections Facility**  
Region: Northern • Opened: 2015

**Industry and training**



**B**

**Auckland Prison**  
Region: Northern • Opened: 1968

**Industry and training**



**D**

**Auckland Region Women's Corrections Facility**  
Region: Northern • Opened: 2006

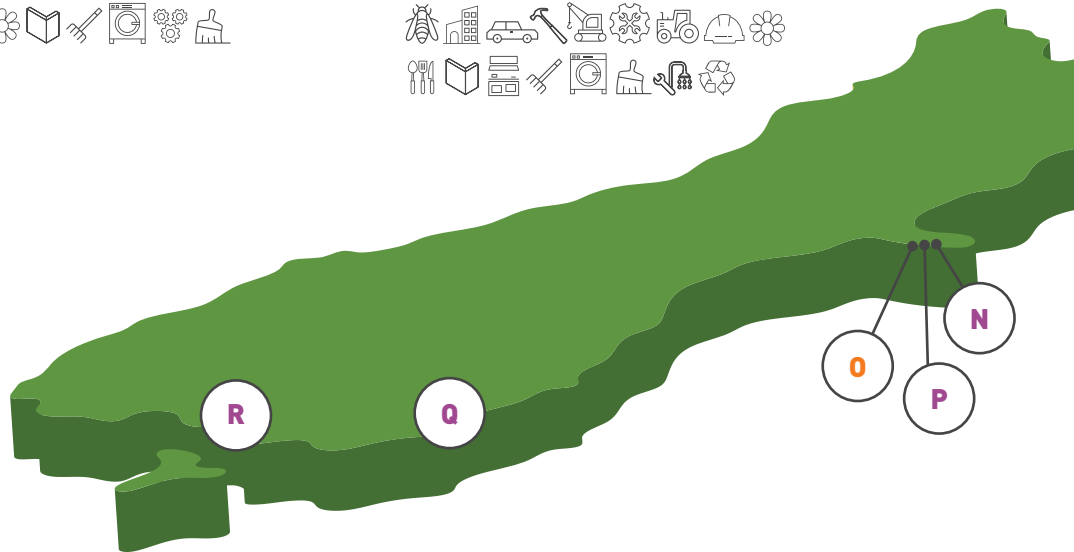
**Industry and training**



**F**

**Spring Hill Corrections Facility**  
Region: Central • Opened: 2007

**Industry and training**



**G**

**Waikeria Prison**  
Region: Central • Opened: 1911

**Industry and training**



**H**

**Tongariro Prison**  
Region: Central • Opened: 1978

**Industry and training**



**I**

**Whanganui Prison**  
Region: Lower North • Opened: 1978

**Industry and training**



**J**

**Hawke's Bay Regional Prison**  
Region: Lower North • Opened: 1989

**Industry and training**





**K** **Manawatu Prison**  
**Region:** Lower North • **Opened:** 1979

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**Industry and training**

**L** **Rimutaka Prison**  
**Region:** Lower North • **Opened:** 1967

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**Industry and training**

**M** **Arohata Prison**  
**Region:** Lower North • **Opened:** 1944

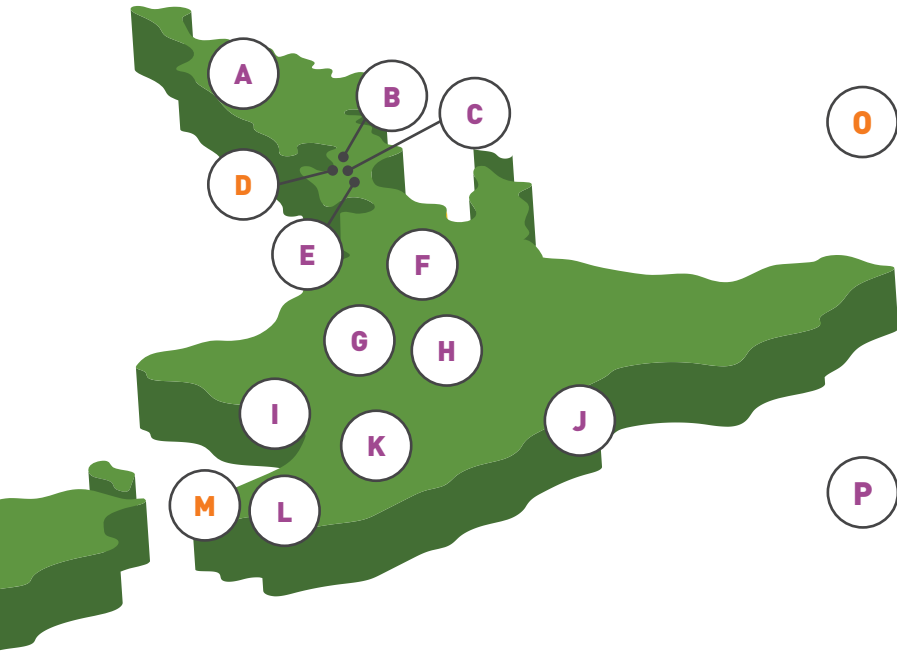
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**Industry and training**

**N** **Christchurch Men's Prison**  
**Region:** Southern • **Opened:** 1915

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**Industry and training**



**O** **Christchurch Women's Prison**  
**Region:** Southern • **Opened:** 1974

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**Industry and training**

**P** **Rolleston Prison**  
**Region:** Southern • **Opened:** 1958

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**Industry and training**

**Q** **Otago Corrections Facility**  
**Region:** Southern • **Opened:** 2007

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**Industry and training**

**R** **Invercargill Prison**  
**Region:** Southern • **Opened:** 1910

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**Industry and training**

**Key:**  
**Prison industry and training activities**

Agriculture	Apiculture	Arboriculture	Asset maintenance	Automotive	Bakery	Barista	Café
Carpentry	Concrete product production	Construction	Dairy	Distribution	Engineering	Farm maintenance	Farming
Forestry	Grounds maintenance	Horticulture/nursery	Hospitality	Joinery	Kitchen	Landscaping	Laundry
Light assembly	Manufacturing	Painting	Piggery	Plastering	Plumbing/gas fitting	Printing/design	Recycling
Silviculture	Textiles	Tiling	Timber/wood processing	Toi Māori (Māori arts)	Waste management	Whakairo (wood carving)	

## Guided release for long-serving people

People serving prison sentences of more than two years require dedicated support to carefully manage their transition back into the community. This can involve pre-release planning with case managers, probation officers and many other partners. It can include placement in internal or external self-care units to provide people with an intermediate step between prison and life in the community. The self-care environment teaches people independent living skills by enabling them to take control of their day-to-day needs.

People serving a long prison sentence who are nearing their release date can also apply to leave prison for short periods to access guided release reintegration activities. These activities include participating in pre-release meetings, registering with a local doctor, visiting potential accommodation providers, and meeting with future employers. Every person is strictly vetted prior to guided release and equipped with an electronic monitoring anklet.

COVID-19 impacted guided release and other temporary release activities, with several prison sites unable to carry out this programme. Consequently, in 2021/22 there were 419 guided release applications approved (2020/21:1,239).

The development of Te Ao Māori-based guided release outings was also impacted by COVID-19, however this work is continuing as guided release resumes.

## Out of Gate services

Our Out of Gate reintegration service helps people on short sentences and remand find employment and accommodation, and connect with community providers. In 2021/22, 1,425 people were assessed for Out of Gate services, including 821 people who were in prison on remand [2020/21: 1,136].



## Bank account on release is one less challenge

Setting up a bank account can be difficult for someone who has just left prison and doesn't have the required identification and address. However, a new partnership with Westpac is removing this barrier to people reintegrating into society and seeking employment.

"When people are released from prison they can have a number of challenges and adjustments to make in their lives from when they were last in the community," says Case Management & Probation Practice General Manager Darius Fagan. "Being able to sort out an ID and bank account before release removes one more set of challenges. The process has been made so easy and it can all be done before someone is released."

Westpac NZ still carefully considers all applications for bank accounts to ensure compliance with the *Anti-Money Laundering and Countering of Financing of Terrorism Act 2009*.

Westpac and Corrections will share this process with other banks in the hope applicants will have more choice when opening an account in the future.

## Meeting the needs of women

Women make up approximately six percent of the prison population and 18 percent of people serving community sentences and orders. As at 30 June 2022, 438 [2020/21: 520] women were in our three women's prisons with more than half [221: 2020/21:239] on remand.

A high proportion of the women we work with have complex histories of trauma, mental health issues, substance abuse, violent or sexual abuse, and poverty, which have likely contributed to their offending. Research shows that tailoring services to be responsive to the needs of women achieves better outcomes for them and their whānau. Our corrections system has largely been designed and developed to provide for men, however it is recognised that in some ways, women have different requirements. Therefore, we are committed to providing an environment that is both gender and culturally responsive, especially to reduce the over-representation of Māori women in prison.

### **Wāhine - E rere ana ki te pae hou - Women's Strategy**

In October 2021, we released the refreshed women's strategy Wāhine – E rere ana ki te pae hou – Women's Strategy 2021-2025, which builds on the progress made by the previous strategy by ensuring we meet the needs of women through gender and culturally responsive programmes and services. It was refreshed in consultation with a reference group of subject matter experts utilising a Te Ao Māori lens.

This strategy is strongly aligned to the aims and aspirations of Hōkai Rangi, and the core themes of oranga, partnership, and the role of whānau are clearly woven throughout.



## Improving women's prisons

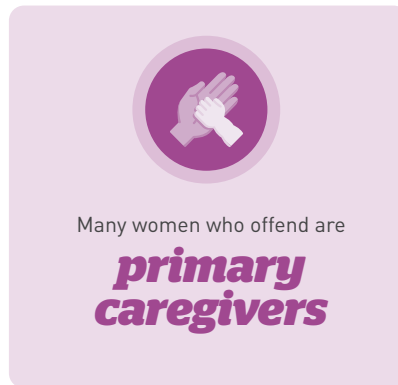
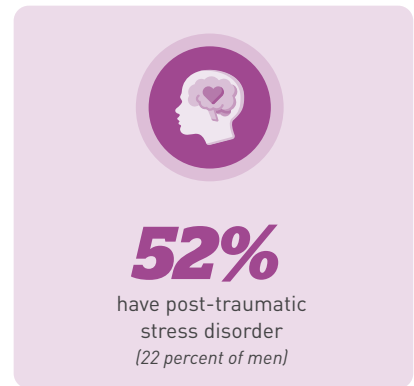
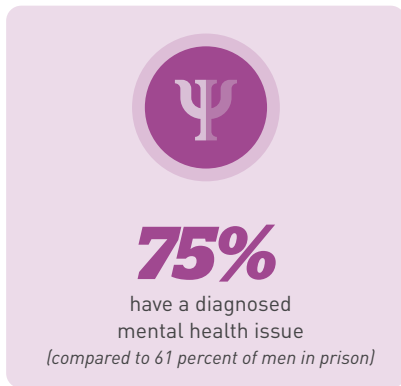
In April 2021, we established a Women's Prison Network Improvement Programme to build on existing initiatives to improve the lives of women in prison, their whānau, and our staff. By working closely with staff and managers at our three women's prisons, the programme team implemented short-term initiatives to lay foundations that will pave the way for longer-term initiatives. The programme saw the three women's prisons operate as a cohesive prison network, underpinned by a new way of working that better recognises and responds to the needs of women in prison.

Key improvements across the women's network this year include:

- upgrading the Arohata Prison and Auckland Regional Women's Corrections Facility visits centres
- establishing a process for including gender responsive canteen items
- the appointment of a mental health Clinical Nurse Specialist at both Arohata Prison and Christchurch Women's Prison to support women with moderate to severe mental health needs
- increasing Bail Support Services for women
- a parenting and reintegration service pilot with Ngāti Toa at Arohata Prison
- establishing Wāhine Panels at all three women's sites to give voices to women in the running of the sites.

Each women's prison has a Mothers with Babies unit. These units allow babies to bond with their mothers in a safe and supportive environment during the child's critical development period of the first two years of life. In 2021/22, we focused on our policies and practices relating to the Mothers with Babies Units, including updating our information booklet and information page for staff. In 2021, Arohata Prison gained a new parenting and reintegration service delivered by Te Rūnanga o Toa Rangatira (Ngāti Toa), and local kaupapa Māori support services continued to work with mothers at Auckland Region Women's Corrections Facility and Christchurch Women's Prison. Further learning and development and policy updates for the Mothers with Babies Units are due to follow in late 2022.

## Women in prison <sup>26</sup>



26. These statistics are from 2016 prior to the development of the Women's Strategy. From *Wahine – E rere ana ki te Pae Hou: Women's Strategy 2017 – 2021*.



## ***Te Mana Wāhine Pathway***

In Budget 2021, \$10 million was allocated over four years for Te Mana Wāhine Pathway. It will provide a seamless end-to-end kaupapa Māori pathway that is responsive to the specific needs of Māori wāhine in the criminal justice system.

Te Mana Wāhine Pathway has been designed with input from mana whenua Te Taumutu Rūnanga and Te Ruahikihiki ki Taumutu, kaupapa Māori providers He Waka Tapu and Te Rūnanga o Ngā Maata Waka, Te Pūtahitanga Whānau Ora Commissioning Agency Southern Region, and people with lived experience of the corrections system. It includes:

- a new kaupapa Māori whānau-centred operating model across prison and community
- culturally appropriate space for women and their families
- wrap-around support delivering whānau-centred services to women and their whānau
- increased cultural practice for frontline staff working in prisons and the community
- kaupapa Māori programmes that are whakapapa and whānau-centred for women
- kaupapa Māori accommodation services.









## Health services

### **Strengthening our health services**

Corrections manages some of the most complex and vulnerable people within our society. People in prison are known to have limited access to health care in their communities prior to entering prison and are therefore likely to have unmet health needs.

Our research has shown that 91 percent of the people we manage will meet the criteria for a mental health and/or addiction diagnosis at some point in their lifetime. Providing quality physical, mental, addiction and disability-related health services is critical to achieving Hōkai Rangī's wellbeing outcomes.

In Budget 2022, the government invested a further \$16 million over four years into health services to strengthen our primary care services, further build our data and insights capabilities, and to pilot elements of kaupapa Māori health services we are developing.

### **Improving our medication administration**

We established a project to implement electronic medication administration to ensure the safe delivery of medication management in prisons. This solution is due for staged site-based implementation starting in late 2022, and will provide a centralised platform for real-time prescribing, information sharing, reducing errors, and reducing the administrative burden on our nurses. Medication rounds currently take up 50 percent of nursing time, so any initiatives that have a moderate impact on reducing time spent on these rounds will free up nurses for other higher order clinical tasks.

We established a project to deliver a new health records system. In March 2022, we began the search for a suitable solution and vendor to replace the current system, which has been used for 16 years. We are seeking a replacement system that enables a holistic approach to health care, supports equity for Māori, rongoā Māori healing, and new models of care. The intention is that the contract with the successful vendor will be in place by January 2023, and that the new health record system will be deployed by December 2023.

### **Improving the quality of primary-level health care**

We employ 243 nurses to provide primary-level services across our 17 Corrections managed prisons. Health Services contract in pharmacy services, doctors, dentists, and other primary health clinicians. We have a strong relationship with the Ministry of Health and will work closely with the Te Whatu Ora (Health New Zealand) and Te Aka Whai Ora (Māori Health Authority).

All our health centres are either Cornerstone Accredited<sup>27</sup> or are working towards accreditation, which demonstrates their commitment to quality improvement in health care. COVID-19 restrictions caused some delay to the accreditation process with the suspension of site visits and assessments.

We worked with the Health Quality & Safety Commission – Kupu Taurangi Hauora o Aotearoa and the Ministry of Health to draft an Oranga Governance framework for our health services, which is near completion. We also began developing a quarterly Health Outcomes and Equity Report to provide insights to help reduce health inequity for Māori. This is a significant milestone as historically health data collection and reporting were limited to outputs rather than health outcomes, which offered little insight into how health service delivery could be improved.

We contract medical officers who are all general practitioners to provide frontline services at every prison site. In early 2022, the Chief Medical Officer recruited a small team of senior medical officers to complement their work, and to also support regional and national teams with quality improvement work.

### **Mild-to-moderate mental health needs**

Mental Health Services are contracted at each prison site to deliver brief interventions for people with mild-to-moderate mental distress. Alongside this, wrap-around whānau services connect whānau of people who are accessing primary mental health services with community services to improve their social, health, and education outcomes.

During 2021/22, 3,197 referrals were received by the

27. Cornerstone accreditation is a quality assurance programme delivered by the Royal New Zealand College of General Practitioners which represents a collection of legislative, regulatory, and clinical requirements for all general practices across Aotearoa New Zealand. It represents a nationally consistent benchmark by which a practice can measure its current quality of care, and progress towards health equity outcomes.



Improved Mental Health (IMH) Services (2020/21: 3,741). A total of 13,480 hours of face-to-face clinical contacts was delivered by IMH clinicians for people with mild-to-moderate mental health needs (2020/21: 13,489 hours). We are in the process of reviewing the IMH services (with a key focus on Māori health equity) to ensure that these services are achieving the desired outcomes. A key aspect of the review will be to provide recommendations for future service development and delivery.

Mental Health 101 training is also provided to help staff support people with mental health needs. A national rollout began in late May 2021 and will be completed over three years. The rollout has been impacted by both COVID-19 and the operational pressures experienced by our prison sites. As a result, work on how we can better support custodial staff is underway with the Safety and Wellbeing team to develop a more sustainable programme for mental health training that works within the custodial environment. Despite these challenges, during the period of May 2021 to February 2022, 10 workshops were completed with a total attendance of 151 staff.

### ***Moderate-to-severe mental health needs***

We have Intervention, Support, and Practice Teams who are specialist mental health teams. They consist of a multi-disciplinary group of experienced clinicians and Māori Mental Health Practitioners who deliver treatment for people with moderate-to-severe mental distress. These multi-disciplinary teams were initially established at three pilot prison sites from 2019: Christchurch Men's Prison, Auckland Region Women's Corrections Facility, and Auckland Prison. They have since expanded to Rimutaka Prison, Mt Eden Corrections Facility, Spring Hill Corrections Facility, and Otago Corrections Facility.

All seven sites are working towards establishing a base to their work within mātauranga Māori to best meet the needs of people in prison. We are also working to ensure that practitioners have the necessary training to address trauma-related issues that are part of the complex picture of psychological distress. We have also established mental health-focused clinical nurse specialist roles at an additional six sites to support the provision of care for people experiencing moderate-to-severe mental distress.

In 2021/22 Intervention and Support Practice Teams and Clinical Nurse Specialists – Mental Health delivered 50,716 mental health consultations for 8,966 people. A number of these consultations involved mental health screens and brief interventions, but also included more intensive therapeutic work.

Forensic Mental Health Services also provide support for those people in our management with severe mental health concerns and who may require acute care. The Intervention and Support Practice Teams, Mental Health Clinicians, and Health team work closely with Forensics to manage those in our management who are on waiting lists for forensic beds and work with them to transition between the services.



### ***Improving community health for people leaving prison***

In a partnership between Corrections, Canterbury health providers and other social agencies, people will be able to access three free GP visits after leaving prisons in Canterbury.

The programme, named Te Ara Whakapuāwai, aims to address the barriers to engagement with GP services, including cost and the need to enrol.

Keeping the public safe by reducing re-offending is a key priority for Corrections, and we know that maintaining good physical and mental health is an important factor in people living an offence-free life in the community after leaving prison.

“We know that people in our services are amongst the least health-connected in our community,” says Southern Region Operations Director Health, Jill Thomson.

“Te Ara Whakapuāwai will encourage and support prison leavers to maintain the health gains they have made in prison and, most importantly, to continue to access their essential medications and further mental and physical health care.”

A similar service assists people managed by Corrections in the community in Nelson/Marlborough access a GP.

## **Health transformation programme**

Hōkai Rangi called for the development of a kaupapa Māori health service that reflects the aspirations of whānau, delivers equitable health outcomes for Māori, and helps achieve Pae Ora – healthy futures for all.

The kaupapa Māori health service (Te Matatiki o te Oranga) will be our blueprint of how health services will be provided for people we manage and their whānau. The new service will also help develop and strengthen kaupapa Māori components of the wider service, while building on its identified enablers. Additionally, Te Matatiki o te Oranga will be the foundation in which all functions, practices, policies, and strategies are integrated and aligned across health services teams and with key partners.

Te Matatiki o te Oranga will leverage off current work such as Hikitia and the Māori Pathways sites to identify concepts and pathways that will be designed to advance the health and wellbeing of Māori. The service will also have a strong focus on ensuring there is continuity of care for those who transition back into the community through strong referral pathways back to whānau, hapū, and iwi health services.

The design phase for Te Matatiki o Te Oranga was initiated in 2022, with a participatory approach using wānanga methodology. In 2022/23, we will undertake partner and stakeholder engagement, and deliver the high-level design and short-term prototypes for the service.

### **Delivering Hikitia**

Hikitia (the mental health and addiction service for the three prisons in the Central Region) is being developed for men in custody who have complex mental health and addiction needs. The 96-bed unit, Te Wai o Pure, is currently being built at Waikeria Prison, and is the residential component of Hikitia with a regional service also operating across Waikeria Prison, Tongariro Prison, and Spring Hill Corrections Facility.

In 2021, we designed the Mana Whenua Ahi Kā model of care (which was initially outlined in the Mana Whenua Ahi Kā Foundation Document) in partnership with iwi, mana whenua, and Te Whatu Ora Waikato (formerly Waikato District Health Board). In March 2022, we delivered the Hikitia Implementation Plan which will help operationalise the service.

As at 30 June 2022, Hikitia is in the Implementation phase, with the goal to be operational non-residentially by late 2023, and fully operational residentially upon completion of the Waikeria Prison Development. On completion Hikitia will deliver a service that provides a holistic, culturally-led, and clinically supported Mental Health and Addictions service. It is anticipated that 1,800 men will benefit from this service per annum once the service is fully operational.

### **Responding to COVID-19**

On 28 February 2022, Corrections made the decision to reprioritise non-urgent nursing services at all prisons to focus on COVID-19 vaccinations and infection control management. This meant non-urgent nursing services were scaled back, while ensuring essential care was provided, with a focus being placed on improving COVID-19 vaccination rates, particularly for Māori, in order to keep people safe.

As a result, since we have started vaccinating in May 2021, our nurses have administered 12,323 first dose COVID-19 vaccinations (6,744 to Māori), 10,548 second vaccine doses (5,717 to Māori), and 5,192 third doses (2,640 to Māori).

We also developed a COVID-19 reporting and management tool and integrated it into our health services operations. This allows sites to see case trends, and vaccination rates and eligibility in real time. Work is ongoing to ensure that our management of COVID-19 remains current and aligned to Ministry of Health and wider health sector updates.

## **People with disabilities**

We have increased our ability to respond to the needs of people with disabilities. On arrival at prison people have a reception health assessment. If they have a disability they will be triaged within three priority health needs of high, medium, or low.

In April 2021, we integrated the Washington Group Short Set of Questions on Disability (WGSSQ) into our Initial Health Assessment (IHA) that is completed within the first 30 days of a person being received into prison. This tool helps us understand needs at the population-level rather than an assessment of individual need, strengthening our ability to support people with functional capability needs. The IHA also collects a description of what impact a disability has, including identifying supports a person has access to in the community before entering prison.

This information contributes to developing a person's plan of care, which may include provision of particular support or referral to other specific providers or services depending on an individual's specific needs. As an example, we provide financial assistance for the purchase of dentures, hearing aids, and glasses when a person is identified as needing them. In June 2022, the WGSSQ was integrated into the Updated Health Assessment (for someone returning to prison within 12 months of release), and will be included into the other two health screening tools by the end of December 2022. This assessment includes questions about a person's functional capability in relation to mobility, cognition, vision, hearing, language and communication, and the support required for daily living. This will allow the capture of disability data for all people in prison who undertake a health assessment.

The information captured by these questions will develop our understanding of the health needs of tāngata whaikaha Māori/disabled people in prison. Data collected from the first six months of using the WGSSQ in the IHA showed that of 3,418 people who completed the IHA between April and September 2021, 24 percent identified as having one functional difficulty (identical to the general population) and 52 percent of this number identified as Māori (32 percent of the general population adjusted for age identified as Māori). This data helps strengthen our ability to support people with functional capability needs, and provides critical population-based information to help support the development of the kaupapa Māori model of care.

All prisons have cells which are considered accessible, with processes in each prison's Receiving Office to determine if a person requires this type of accommodation. These can also be modified to accommodate that person's disability, for example modifying beds and bathing facilities in order to allow that person to undertake their daily living activities independently, if possible. Nationally, there are 116 of these cells. Currently we are doing a formal stock take of the dimensions and detail of each of these cells for such things as handrails, bathroom facilities, having a fixed seat in the shower, intercom access, weight-rated bed, and hearing loops.

We are also in the final stages of developing our Health Services Disability Action Plan 2022-2026. This plan aligns with Hōkai Rangī and embeds our obligations to the United Nations Convention of the Rights of Persons with Disabilities, the New Zealand Disability Strategy 2016-2026, the Disability Action Plan 2019-2023, Te Tiriti o Waitangi, and Whakamaau: Māori Health Action Plan 2020-2025.

The development of our Disability Action Plan involves hearing the voice of tāngata whaikaha Māori/disabled people in our management currently in prison and those that had been released from prison and were in the community. Consultation included staff, Government agencies, non-governmental, and community organisations. Feedback on the draft plan was also received from the Health and Disability Commissioner, Human Rights Commission, and the Office of the Ombudsman.

Work is underway to partner with experts in neuropsychology and mātauranga Māori to conduct a large-scale piece of research to understand the cognitive abilities of the people in prison. This work will help inform our future interventions and pathways.



## ***Self-harm and suicide***

Self-harm and suicide are recognised as serious international health issues in prisons and communities worldwide. Corrections is committed to reducing the impact of self-harm and suicide on people in prison, their whānau, families, friends, and our staff.

In July 2020, we completed an internal review of apparent suicides in 2019/20. In response, we took action including establishing a Suicide Prevention Advisory Group. Part of the role of the Group was to contribute expert advice toward the development of the Ara Poutama Aotearoa Suicide Prevention and Postvention Action Plan (2022-2025), which was consequently published in March 2022.

The Plan was strongly influenced by Every Life Matters - He Tapu te Oranga o ia Tangata: Suicide Prevention Strategy 2019–2029, and Suicide Prevention Action Plan 2019–2024 for Aotearoa New Zealand, and outlines a range of short- and long-term actions aimed at reducing the prevalence of suicide among people in prison.

The action plan seeks to promote a proactive response to the issue of suicide, and rather than viewing suicide prevention as the sole responsibility of mental health professionals, encourages collective action in addressing the issue. The plan also encourages partnership and collaboration between different areas of Corrections, key external stakeholders, such as iwi, and service users and their whānau to make sure that we are all working together toward achieving the same goals.

In 2021/22, there were 12 unnatural deaths in prisons [2020/21: 11] believed to be a result of self-harm. During this same period, there were 60 suicidal self-injury incidents that were so serious they posed a threat to the person's life [2020/21: 59]. In recognition of a strong focus on protecting people from self-harm and suicides in prison, in July 2021, the Chief Executive commissioned the Chief Inspector to undertake a thematic review of apparent suicides and serious self-harm in prisons over the past five years.

## ***Alcohol and other drug issues***

Alcohol and other drug (AOD) issues are common among the people we manage. Sixty percent of people on community-based sentence or orders and 87 percent of people in prison have identified alcohol or other drug issues. Alcohol and other drug use is a health and offence-based need. Alcohol and other drug use can inhibit their success in offence-focused rehabilitation programmes and other wellbeing interventions, which is why we provide a number of services in both the community and prison.



Our AOD programmes include medium intensity interventions, high intensity residential programmes (both in prison and in the community), and aftercare services. As at 30 June 2022, we had 11 drug treatment units across nine prisons. Drug treatment programme participants stay in the units for up to 12 months while they address their substance use issues. We have a further nine Intensive Treatment Programmes (ITP), which run for approximately eight weeks, at seven sites. One of the ITPs is a gender responsive programme for women, while another is responsive to the needs of young people. These programmes are complemented by other activities such as education and rehabilitative courses.

Refer to page 195 for more information about our AOD programme.

In 2021/22, 723 people in prison and 224 people in the community started a core alcohol or other drug programme. More than 800 calls or emails were received by our alcohol and other drug free phone helpline, and more than 120 people accessed our aftercare services.

A new ITP at Invercargill Prison and a new Drug Treatment Programme at Tongariro Prison commenced during the 2021/22 financial year. Work is underway to establish three further drug treatment programmes.

To support the long-term goal of reducing re-offending among people who have completed AOD treatment in prison, we will also be expanding the number of aftercare workers, with 15 new aftercare workers beginning over the next 18 months. Aftercare workers work with graduates of our drug treatment programmes for up to 12 months to help them achieve their drug- or alcohol-free goals.

## ***Alcohol and Other Drug strategy***

The AOD Strategy, introduced in November 2021, is a key element of reducing re-offending, and is aligned with key changes in the health sector and Hōkai Rangi. It proposes a new direction that uses a recovery and wellbeing approach, centred around mātauranga Māori.

The AOD Strategy, in taking a wellbeing focus, moves from a deficit approach to focus on enabling oranga and rethinking how Corrections can address substance use in our policies and practices.

Progress has been made in several key areas of the AOD Strategy Action Plan, including development of new services in collaboration with mana whenua.

Refer to page 182 for more information about our AOD Strategy,





*Measuring our  
progress against  
Hōkai Rangi goals*







Waharoa



## **Tracking progress against Hōkai Rangi goals**

Hōkai Rangi recognises the importance of measurement to track our progress against our outcomes and strategic goals. The work we are doing is complex, and in many respects new, so it is critical we learn what is most appropriate, and what builds our evidence base.

We continue to develop a Hōkai Rangi Measurement Framework to help us track our progress. This was co-designed with Māori. The framework has seven indicators of change, that work together, reflecting the holistic and interconnected nature of Hōkai Rangi's six outcome domains: partnership and leadership; humanising and healing; whānau; incorporating a Te Ao Māori worldview; whakapapa; and setting the foundations for participation.

The seven indicators are:

- Relationships with Māori are authentic and effective
- Mātauranga Māori is elevated and embedded in what we do
- Services are with whānau, for whānau
- Interactions promote positive relationships, manaaki, and safety
- Mana and wellbeing are enhanced through honouring whakapapa and identity
- Self-determination, healing, and resilience are central to our approach
- People gain the skills, tools, and knowledge to thrive in their communities.

During the year we undertook an initial pilot of a first wave of prioritised measures at a small number of prison and Community Corrections sites. The pilot gathered experience and insight data from people in our management and Māori partners. Further piloting is planned in 2022/23 where we will continue to test, evaluate, and refine our measures.

While we continue to test and refine the measurement framework, we are tracking progress through existing measures such as the Recidivism Index and Rehabilitation Quotient. When tracking our progress, it is important to note that results are impacted by factors both within, and outside of, Corrections' influence.

## **Rehabilitation Quotient**

The Rehabilitation Quotient (RQ) is an annual assessment of our rehabilitation programmes. It measures the extent to which programmes reduce re-offending by comparing the differences in rates of re-sentencing and re-imprisonment of people who participated in certain programmes with the rates of similar people who did not participate in that programme.

Reductions in re-imprisonment and re-sentencing rates were recorded across most of the interventions evaluated. This is a positive outcome, with statistically significant improvements across five of the 11 prison and community-based initiatives evaluated through the RQ. The general direction of results indicates the likely positive impacts of our wider rehabilitative efforts. Internationally, reductions of between 5 percent and 10 percent are considered strong results. This year, three programmes achieved results at this level: the Special Treatment Unit – Violent Offending Programme, the men's Medium Intensity Rehabilitation Programme in prison, and the women's Short Rehabilitation Programme in the community.

The method for conducting the Rehabilitation Quotient Analysis was externally reviewed in 2022, resulting in significant improvements to the existing method. Results for 2022 are therefore not comparable with those appearing in previous annual reports. Some of the changes made respond to challenges associated with the COVID-19 pandemic, which have impacted programme delivery. To account for this, the RQ analysis is now based on cohorts drawn from a rolling three-year period rather than a single year as was previously the case. Work is currently underway to apply the new method to historical programme data to develop a time series.

For the full Rehabilitation Quotient for 2021/22, see pages 179 – 181.

## **Measuring the seriousness of re-offending**

Our figure for measuring the seriousness of re-offending is derived from the Ministry of Justice's Seriousness of Offences Scale. The scale assigns a numeric score for every criminal offence according to its seriousness. In 2021/22, re-offending by people on a community-based sentence or order had an average seriousness index of 184.1 [2020/21: 178.5] while re-offending by people released from prison had an average seriousness index of 332.8 [2020/21: 316.1].



## Recidivism Index

The Recidivism Index measures the percentage of people who are re-sentenced or re-imprisoned within a given period after being released from prison, or after commencing a community-based sentence.

Figure 1 and Figure 2 below show the 12- and 24-month recidivism results for people released from prison, and people who started community sentences over the last five years. Overall, the results reveal a downward trend in levels of recidivism. The recidivism rates for those on community sentences are the lowest seen in 30 years. The results for people released from prison is more variable over this longer period.

Caution is needed when interpreting these figures. The last three years' results have been affected by the COVID-19 pandemic. Successive lockdowns and service interruptions have reduced opportunities for re-offending, altered police resource allocation, and further increased the time taken for cases to progress through the courts.

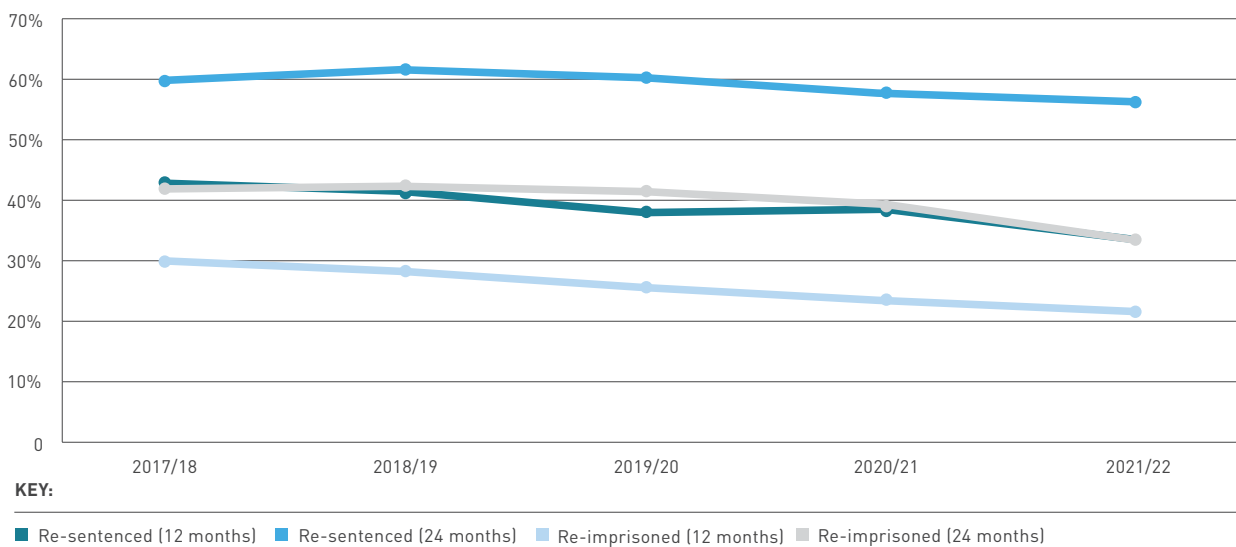
These factors are likely to have played a key role in the drop in recidivism levels.

In addition, over the last five years the number of people in prison and on community sentences has dropped significantly, contributing to a significant change in the composition of both populations. Change in the underlying populations (for example, the drop in the number of people in prison on short sentences under two years) will have also affected recidivism levels. More time is required to reliably assess the long-term impacts of compositional changes on recidivism levels.

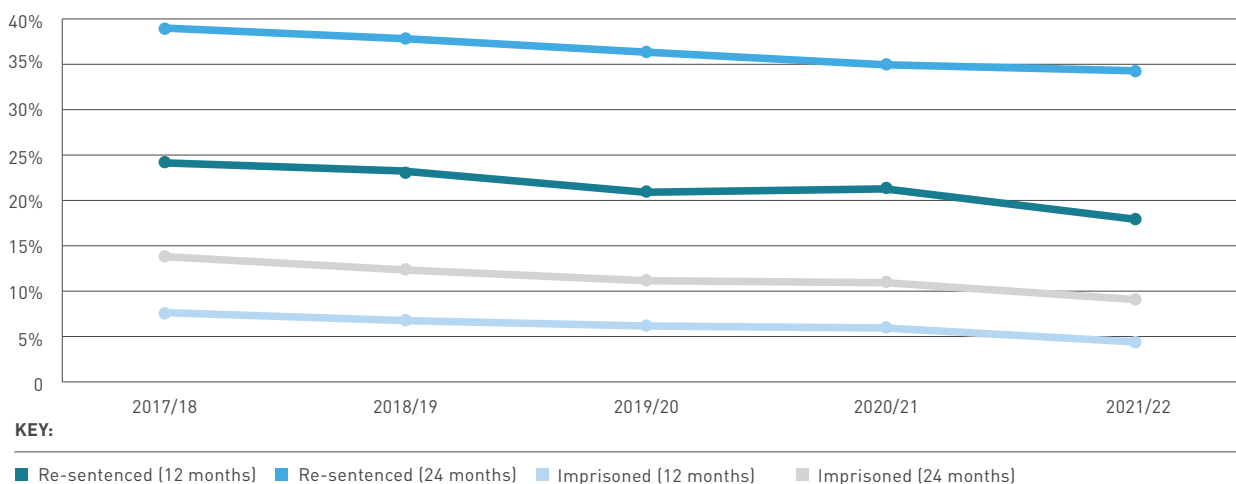
It is also important to recognise that recidivism is a product of a wide range of individual and social factors, many of which sit outside the remit of the corrections system.

For the full Recidivism Index for 2021/22, see pages 174 – 178.

**Figure 1:** 12- and 24-month re-sentencing and re-imprisonment rates for people released from prison 2017/18 to 2021/22



**Figure 2:** 12- and 24-month re-sentencing and imprisonment rates for people who completed community sentences 2017/18 to 2021/22



*Statement of  
Responsibility*

STATE  
OF  
ARIZONA

## Statement of Responsibility Ara Poutama Aotearoa

I am responsible, as Chief Executive of the Department of Corrections for:

- the preparation of Corrections' financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information on each appropriation administered by Corrections is provided in accordance with sections 19A to 19C of the *Public Finance Act 1989*, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by Corrections, whether or not that information is included in the annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Department;
- the financial statements fairly reflect the financial position of Corrections as at 30 June 2022 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of Corrections as at 30 June 2022 and its operations for the year ending on that date.

Signed,



**Jeremy Lightfoot**

**Secretary for Corrections and Chief Executive**

*Te Tumu Whakarae mō Ara Poutama Aotearoa*

**Date:** 30 September 2022

*Independent  
Auditor's Report*

**Index  
Auditor's  
Report**



## Independent Auditor's Report

### To the readers of the Department of Corrections annual report for the year ended 30 June 2022

The Auditor-General is the auditor of the Department of Corrections (the Department). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Department on pages 120 – 162, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in taxpayers' funds, statement of cash flows and statement of trust monies for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Department for the year ended 30 June 2022 on pages 54 – 59, 62 – 65, 67, 69 – 71, 73 – 75, 78 – 79, 81, 84 – 89, 92 – 93, and 101 – 118.
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2022 on pages 169 – 170.
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 164 – 168 that comprise:
  - » the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022;
  - » the schedules of expenses for the year ended 30 June 2022; and
  - » the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Department on pages 120 – 162.
  - » present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year ended on that date; and
  - » comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information of the Department on pages 54 – 59, 62 – 65, 67, 69 – 71, 73 – 75, 78 – 79, 81, 84 – 89, 92 – 93, and 101 – 118.
  - » presents fairly, in all material respects, for the year ended 30 June 2022:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - » complies with generally accepted accounting practice in New Zealand; and
- the statements of expenses and capital expenditure of the Department on pages 169 – 170 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the *Public Finance Act 1989*; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 164 – 168 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - » the assets, liabilities, commitments, and contingent liabilities and assets as at 30 June 2022; and
  - » expenses for the year ended 30 June 2022.

Our audit was completed on 30 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to the Waikeria Prison Development Project additional cost claims for the impact of Covid-19. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

## **Emphasis of matter - Waikeria Prison Development Project: additional cost claims for the impact of Covid-19**

Without modifying our opinion, we draw attention to:

The statement of contingent liabilities and contingent assets on page 125, which outlines that the Department has received claims from the main contractor of the Waikeria Prison Development Project for additional costs due to Covid-19 related matters. Other than for some elements of the claims recognised as a provision and disclosed in Note 13, at this stage it is not possible for the Department to reliably estimate the impact of this matter. However, the impact may be significant.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of the Chief Executive for the information to be audited**

The Chief Executive is responsible on behalf of the Department for preparing:

- financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand;
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand;
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the *Public Finance Act 1989*; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the *Public Finance Act 1989*.

### **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Department's Statement of Intent 2021 – 2022, Estimates of Appropriation and Supplementary Estimates of Appropriation 2021/22 for Vote Corrections, and the 2021/22 forecast financial figures included in the Department's 2020/21 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the *Public Audit Act 2001*.

### **Other information**

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 4 – 215, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Report by the Minister of Corrections on non-departmental appropriations in Part E in the Department's annual report is not part of the Department's annual report. The *Public Finance Act 1989* does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

### **Independence**

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out probity assurance engagements. Other than in our capacity as auditor and these engagements, we have no relationship with, or interests, in the Department.

**Andrew Clark**

Audit New Zealand, on behalf of the Auditor-General  
Wellington, New Zealand

# ***PART B:***

## *Statement of Performance*








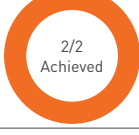


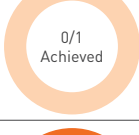
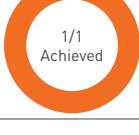


# Statement of Performance 2021/22

For the year ended 30 June 2022

## Performance framework

This section describes what we were funded to deliver in 2021/22. The information on pages 101 – 118, and 217 – 218 reports on what we achieved with each appropriation against the expectations set out in the Estimates of Appropriations 2021/22 for Vote Corrections.

Appropriation/Outcome	Output/Category	Performance Measures Achieved
1. Public Safety is Improved (MCA) <sup>28</sup> <i>(\$1,537.0 million expenditure)</i>	1.1 Prison-based Custodial Services	 6/10 Achieved
	1.2 Sentences and Orders Served in the Community	 2/2 Achieved
	1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board	 3/6 Achieved
2. Re-offending is Reduced <i>(\$322.2 million expenditure)</i>		 1/6 Achieved
3. Policy Advice and Ministerial Services (MCA) <i>(\$6.4 million expenditure)</i>	Policy Advice and Ministerial Services	 1/1 Achieved
	3.1 Policy Advice	 2/2 Achieved
	3.2 Ministerial Services	 3/3 Achieved
4. Department of Corrections Capital Expenditure (PLA) <sup>29</sup> <i>(\$315.1 million expenditure)</i>		 2/2 Achieved
5. Transfer of Three Waters Assets <i>(Nil expenditure)</i>		 0/1 Achieved
6. Waikeria Corrections and Treatment Facility <sup>30</sup> <i>(\$0.2 million expenditure)</i>		 1/1 Achieved

Footnotes continued over page

## Appropriation 1 – Public Safety is Improved (MCA)

### OVERARCHING PURPOSE STATEMENT

The single overarching purpose of this appropriation is to manage offenders serving custodial and community-based sentences and orders, and people on remand (either awaiting trial or convicted but not yet sentenced) in a manner so as to improve the safety of offenders, staff, victims and the public.

### SCOPE OF APPROPRIATION

This is an MCA as detailed below:

#### 1.1 Prison-based Custodial Services

This category is limited to the provision of custodial services, including under long-term service contracts and Public Private Partnerships, for offenders lawfully required to be detained in custody, and remand prisoners.

#### 1.2 Sentences and Orders Served in the Community

This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.

#### 1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board

This category is limited to the provision of information about offenders to victims of crime, the Judiciary, and the New Zealand Parole Board and the provision of administrative, financial and secretariat services to the New Zealand Parole Board.

### WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to:

- enable Corrections to manage people in custody in a way that enhances their wellbeing and supports them upon release to not return to the justice system, protects the public and maintains the safety of all involved;
- achieve safe management of people serving sentences and orders in the community and the ability to hold them to account for failing to complete their sentence or order; and
- provide core services to the Judiciary and New Zealand Parole Board to enable informed sentencing and parole decisions to be made in a timely manner including notification to people in Corrections' management, and victims regarding the outcomes of the processes, to enhance rehabilitative outcomes.

#### Footnotes continued

28. MCA – Multi-Category Appropriation. An MCA consists of two or more categories of output expenses. MCAs can be used to provide increased flexibility across several categories of expenses that all contribute to a single overarching purpose, while preserving transparency about what is achieved with each category of an MCA.

29. PLA – Permanent Legislative Authority. PLAs are appropriations granted in Acts other than an Appropriation Act. PLAs are provided in limited and particular circumstances, such as where approval is needed for spending of a technical nature, such as departmental capital.

30. Performance information for Non-departmental Other Expenses is reported in the Report by the Minister of Corrections on Non-departmental Appropriations in Part E.

## 1.1 Prison-based Custodial Services

### How Corrections performed

The following table outlines Corrections' performance against our current performance measures.

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The number of breakout escapes <sup>31</sup>	Nil	Nil	Nil	1	Nil	Nil
The number of non-breakout escapes <sup>32</sup>	4	8	6	1	Less than or equal to 5	Less than or equal to 5
The proportion of general random drug tests undertaken by prisoners that have a positive result	3.6%	4.4%	3.8%	4.2%	Less than 5%	Less than or equal to 5%
The number of unnatural deaths	1	9	11	12 <sup>33</sup>	Nil	Nil
The percentage of Death in Custody reports for unnatural deaths, that are completed by the Office of the Inspectorate within six months of the death occurring	100%	100%	75%	82%	Greater than 80%	Greater than or equal to 80%
The rate of prisoner on prisoner assaults that are serious, per 100 prisoners <sup>34</sup>	0.46	0.41	0.43	0.31	Less than or equal to 0.50	Less than or equal to 0.50
The rate of prisoner on staff assaults that are serious, per 100 prisoners <sup>34</sup>	0.29	0.18	0.32	0.22	Less than or equal to 0.20	Less than or equal to 0.20
The proportion of all complaints received to the Office of the Inspectorate that are acknowledged within 10 working days of receipt	100%	100%	100%	100%	100%	100%
The proportion of all complaint investigations completed by the Office of the Inspectorate within three months of being received	100%	99%	99%	99%	Greater than 80%	Greater than or equal to 80%
The percentage of Health Centres in prisons that retained their Cornerstone accreditation status following completion of an annual review	83%	94%	100%	88%	100%	100%

31. A breakout escape is when a prisoner breaches the area contained by the outermost perimeter security fence, or if there is no such fence, from the prison building.

32. Corrections has three categories of non-breakout escapes: from escort, absconding, and breach of temporary release conditions. Instances where an individual fails to return from court-imposed bail are excluded from this measure on the basis that they are not under the custody of Corrections.

33. Initially another death was classified as unnatural, but it has since been reclassified as natural pending the outcome of the Coroner's inquest.

Footnotes continued over page

## ***Explanation of budgeted performance measures not achieved***

### **Breakout escapes**

For the first time in eight years Corrections had an escape from prison. An incident investigation has been undertaken by the Office of the Chief Custodial Officer. The prisoner, subsequently captured by Police after two days, is still subject to court proceedings.

Public safety is our top priority, and no escape is acceptable. When a prisoner escapes from custody, we immediately contact New Zealand Police, who are responsible for locating and returning the individual to custody as soon as possible. A person who is convicted of escaping lawful custody can receive a maximum sentence of five years imprisonment.

### **Unnatural deaths**

For 2021/22, there were 12 unnatural deaths in prisons.<sup>33</sup>

Apparent suicide is the most common cause of unnatural deaths in prisons. We acknowledge that each and every death by suicide is tragic and has an immeasurable effect on the person's whānau and friends, and often on our staff who get to know the people they are supporting. Corrections is committed to preventing unnatural deaths and incidents of self-harm in prisons. The causes of suicide are complex and people in prison are a known high-risk group. Over recent years we have become more aware of the level of significant mental health issues for people in prison, and as such we have strengthened our approach to supporting the needs of this group. We are doing more than ever in the area of mental health and are being proactive in ensuring people in prison have access to the specialist mental health support they need and that our staff have the appropriate tools and resources to keep people safe from harm.

The COVID-19 global pandemic has been particularly difficult for many people in prison as they have had to adapt to being physically separated from family and loved ones. We acknowledge the difficulty faced by people in prison, and over the past two years we have implemented measures to keep people in prison safe from COVID-19. This has, at times, included limiting physical interaction between people, including temporarily suspending in-person visits to prisoners. During these times prisoners have been provided with phonecards to enable them to stay in touch with friends and family, and at some sites video visits have also been possible.

Addressing mental health issues is a critical part of Hōkai Rangi and Corrections' focus on humanising and healing. By addressing mental health and addiction issues, people are better able to engage in rehabilitation and support their pathway to an offence-free life. For more information on specific actions taken in 2021/22, see pages 84 – 89.

#### *Footnotes continued*

34. Serious assaults are acts of violence that include one or more of the following: bodily harm requiring medical intervention by medical staff followed by overnight hospitalisation (beyond initial assessment or medical observation) in a medical facility, bodily harm requiring extended periods of ongoing medical intervention, or sexual assault of any form and degree where Police charges have been laid. Assaults are reported as a rate per 100 prisoners rather than an absolute number as it allows for fluctuations in the prison population, thereby providing more comparable year-on-year results.



### Serious prisoner on staff assaults

There were 856 non-serious/no injury assaults on staff recorded across the prison network this financial year [2020/21: 879]. On occasion, incidents can result in a serious injury, and this financial year there were 17 victims of serious prisoner-on-staff assault [0.22 per 100 prisoners], compared to 28 victims [0.32 per 100 prisoners] in 2020/21.

Gang dynamics is one of a number of risks we manage on a daily basis, and staff are regularly provided with information on managing these risks. Our staff manage some of New Zealand's most complex people in a difficult and challenging environment. We treat all threats against staff and people in prison extremely seriously, and any person who resorts to threatening behaviour will be held to account. Last year we worked with the unions (Corrections Association of New Zealand and Public Service Association) to develop the Violence and Aggression Joint Action Plan, and we continue to work with them throughout the implementation of this plan.

For more information on work underway to reduce violence and aggression in prisons in 2021/22, see page 54.

### Health centre accreditation

To demonstrate that the level of care in prisons meets the standards of care that are available in the community, Corrections requires all health centres to be accredited under the Cornerstone programme. The programme provides a framework to assess the level of health care provided against the Royal New Zealand College of General Practitioners Aiming for Excellence Standards which combines all the legislation, regulations, standards, and clinical requirements for a general practice to deliver safe and quality care.

As at 30 June 2022, 15 out of 17 prisons were accredited. Following the end of the financial year, the site assessment for Spring Hill Corrections Facility has been completed with a positive provisional report and the site now awaits the formal report and confirmation that re-accreditation has been achieved (due to COVID-19 restrictions assessors were unable to access this prison to complete the required assessments prior to year-end). Rimutaka Prison is currently in the process of engaging an auditor, and an onsite assessment will be scheduled as soon as is practicable.



## 1.2 Sentences and Orders Served in the Community

### How Corrections performed

The following table outlines Corrections' performance against our current performance measures.

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The proportion of community-based offenders who successfully complete their sentence or order	75%	74%	76%	79%	Greater than 75%	Greater than or equal to 75%
The proportion of community-based offenders being held to account by probation staff for non-compliance	97%	97%	97%	96%	90%	Greater than or equal to 90%

## 1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board (NZPB)

### How Corrections performed

The table below outlines Corrections' performance against our current performance measures, and indicates changes made to the structure of performance measures in this area.

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The percentage of all pre-sentence reports provided to court within agreed timeframes before sentencing <sup>35</sup>	New measure for 2020	96%	97%	97%	95%	Greater than or equal to 95%
The percentage of all parole reports provided to agreed timeframes pursuant to New Zealand Parole Board requirements <sup>36</sup>	New measure for 2020	79%	66%	87%	95%	Greater than or equal to 95%
The percentage of offenders who are notified as per New Zealand Parole Board requirements <sup>37</sup>	100%	100%	87% <sup>37</sup>	82%	98%	Greater than or equal to 98%
The percentage of victims who are notified as per New Zealand Parole Board requirements <sup>37</sup>	100%	100%	87% <sup>37</sup>	86%	98%	Greater than or equal to 98%
The percentage of all cases heard by the New Zealand Parole Board that are scheduled within the timeframes specified by the <i>Parole Act 2002</i> <sup>39</sup>	100%	100%	100%	100%	98%	Greater than or equal to 98%
The number of justified complaints about notification services received from registered victims <sup>40</sup>	6	2	2	Nil	Nil	Nil

35. Pre-sentence reports are provided to courts within an agreed set of timeframes - probation reports are completed to timeframes as set out in the Integrated Practice Framework, and psychological reports are due at least two working days before sentencing. Where necessary revised timeframes are agreed with the court.

36. Parole reports are provided to the New Zealand Parole Board within an agreed set of timeframes - parole assessment reports are due between 18-24 days prior to the hearing date; parole progress reports are due at least 14 days prior to the hearing date; and psychological reports are due at least 21 days prior to the hearing date.

37. Offenders and active registered victims are notified of an impending Parole Board hearing and of a Parole Board outcome decision within agreed timeframes. These measures are calculated on a random sample of parole hearings that have occurred in the reporting period.

38. The calculation methodology was refined for the 2020/21 financial year. Performance was previously based on the percentage of notifications to offenders and active registered victims that had been made as per Parole Board requirements, whereas performance is now based on the percentage of offenders and active registered victims who received notifications as per Parole Board requirements. Prior year actuals have not been restated.

39. *The Parole Act 2002* specifies that parole hearings are scheduled 16 weeks ahead of the parole eligibility date to give the various parties involved sufficient time to prepare. This measure is calculated on a random sample of parole hearings that have occurred in the reporting period.

40. *The Victims' Rights Act 2002* imposes clear obligations on specified agencies to provide information and aid victims of offences. This measure demonstrates that Corrections is meeting its legislative requirements and providing active victims with notification of events relating to those who offended against them.

## ***Explanation of budgeted performance measures not achieved***

### **Timeliness of parole reporting to the New Zealand Parole Board**

When a person is due to appear before the Parole Board, Corrections prepares a report which outlines their offending and sentence history, their time in prison, and other information such as psychological reports to assist in the decision-making process. This is critically important to the Parole Board's process and helps ensure parole is granted safely and appropriately.

These reports are based on the institutional knowledge that we hold about offending behaviour, and on our individual assessment of individuals that we have worked with through our case managers, probation officers, and psychologists.

In 2021/22, we prepared nearly 6,500 parole reports for the Parole Board, 87 percent of which were within agreed timeframes (comprised of 85 percent for parole assessment reports, 80 percent for parole progress reports, and 96 percent for psychological reports). Site transfers and isolation periods for people who tested positive for COVID-19 have impacted the ability of case managers to engage with individuals which has resulted in some delays of providing reports to the Parole Board.

Despite COVID-19, the performance of this measure has shown considerable improvement on last year (at 87 percent, up from 66 percent) as initiatives to improve the quality of practice have been fully embedded, and as practice adapted to changes in the reporting timeframes agreed in 2020/21.

### **New Zealand Parole Board notifications provided to offenders and active registered victims**

Under the *Parole Act 2002*, people who have perpetrated offences and active registered victims are required to be notified of an impending hearing and of a Parole Board decision within agreed timeframes.

In 2021/22, 82 percent of offenders and 86 percent of active registered victims were notified as per the agreed timeframes.

The Parole Board's administrative team was significantly impacted as a result of COVID-19, particularly in respect of retention and recruitment. To respond to the various challenges, the administrative team was required to introduce and embed new ways of working including running parole hearings remotely, and ensuring Parole Board members continued to have access to necessary information for parole hearings within the required timeframes. Despite the many challenges faced by the administrative team, parole hearings continued throughout the year without significant disruption.

During the year, a new victims training package was developed and delivered to the Parole Board's administrative team, focusing on the importance of providing quality services to victims, including the importance of victims receiving notifications of hearings so they can make submissions, and being advised of the outcome of the decision in a timely manner.

Work is underway for a new technology-enabled operating model for the Parole Board administration. A key component of the new way of working is an end-to-end digital solution which will enhance workflow, document management in relation to people in prison, and victim notification processes. We are aiming to have this in place in late 2023.



## How much did it cost?

For the year ended 30 June 2022

	2021	2022	2022	2022	2023
	Actual	Actual	Budget	Supp. Estimates	Forecast
	(restated) <sup>41</sup>		(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
<b>EXPENSES</b>					
- Prison-based custodial services	1,151,403	1,149,317	1,107,536	1,211,826	1,282,200
- Sentences and orders served in the community	278,897	295,986	279,869	282,019	287,930
- Information and administrative services to the judiciary and New Zealand Parole Board	93,164	91,672	81,003	81,852	88,804
<b>Total expenses</b>	<b>1,523,464</b>	<b>1,536,975</b>	<b>1,468,408</b>	<b>1,575,697</b>	<b>1,658,934</b>

Personnel are a significant cost associated with this appropriation as Corrections employs nearly 10,000 people, of which almost 90 percent are deployed in frontline roles.

Corrections is an asset-intensive agency. The nationwide network includes 18 prisons and more than 100 Community Corrections sites. A significant amount of expenditure therefore relates to costs associated with the ownership, management, and operation of these assets including depreciation, asset management, and capital charge. Total expenditure also includes payments made to SecureFuture Wiri Limited for the operation and maintenance of the Auckland South Corrections Facility, and to Next Step Partners Limited for the maintenance of Auckland Prison.

Actual expenditure was \$13.5 million higher than 2021 actual, mainly due to:

- \$30.8 million increase in personnel costs due to the impact of frontline collective salary increases, overtime, and an increase in the annual leave provision with fewer staff taking leave due to COVID-19 lockdown and travel restrictions, and
- \$12.1 million increase in property-related costs, including depreciation, amortisation and capital charge costs, largely impacted by the revaluation of land and buildings in the prior year, partly offset by
- \$26.0 million reduction in the write-off of assets and demolition costs relating to the Waikeria incident in the prior year.

Actual expenditure was \$68.6 million higher than Budget, mainly due to:

- \$42.1 million increase in property-related costs, including depreciation, and capital charge costs, largely impacted by the revaluation of land and buildings in the prior year
- \$15.3 million of expenditure related to expensing Software-as-a-Service costs as the result of a change in accounting policy
- \$12.6 million increase in personnel costs due to the impact of frontline collective salary increases, overtime, and an increase in the annual leave provision with fewer staff taking leave due to COVID-19 lockdown and travel restrictions, and
- \$7.9 million increase due to the recognition of the Waikeria Prison Public Private Partnership (PPP) claim provision, partly offset by
- \$17.9 million decrease in Finance costs as the result of the delayed completion of the Waikeria Prison PPP
- Actual expenditure was \$38.7 million lower than Supplementary Estimates, mainly due to the impact of pre-approved in-principle expense transfers relating to the Three Waters Reform and Waikeria Prison Development programmes, and the release of the provision for the Waikeria top jail demolition costs.

41. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 of the Annual Financial Statements for more details.

## ***Appropriation 2 – Re-offending is Reduced***

### **SCOPE OF APPROPRIATION**

This appropriation is limited to the provision of rehabilitation interventions, reintegration, and support services to people in Corrections' management, defendants on bail and their whānau, to address the underlying causes of criminal offending and reduce re-offending.

### **WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION**

This appropriation is intended to achieve a reduction in re-offending rates by focusing on the wellbeing of those lawfully required to be detained in custody and their whānau. It provides for the timely assessment of the rehabilitative and reintegrative needs of people in our management and their whānau as well as end-to-end bail support for defendants. This appropriation ensures identified offender and defendant needs are addressed through culturally appropriate and whānau-centred wellbeing interventions.

### ***Impact of COVID-19 on our service performance***

Since March 2020, when we first encountered COVID-19 in New Zealand, Corrections has put in place extensive plans at a national, regional, and site level to manage the risk presented by the pandemic. We have continuously refined these plans in order to do everything we can to keep everyone safe.

In mid-August 2021, the country again moved to Alert Level 4 and returned to observing the most stringent of COVID-19 restrictions. In order to manage the risks presented by the widespread outbreak of COVID-19 in the community, Corrections suspended non-essential activities. This, and the ongoing observation of varying restrictions, both in prison and community environments, throughout the remainder of the year, has had a material impact on our ability to deliver offence-related rehabilitation and reintegration related activities, and this is reflected in a number of this year's performance measures.

Wherever possible and appropriate, Corrections mitigated the impact of restrictions on the rehabilitative needs of people in our management. With the implementation of strict safety protocols, a small number of essential industry activities and treatment programmes were able to continue. We were also able to maintain essential health, mental health, and addiction services to enable us to keep the people we care for safe. While some activities have been restricted during the pandemic, where possible they have still taken place by other means, such as over the phone, audio-visual link (AVL) where available, and in some circumstances face-to-face where appropriate social distancing could be observed.

While our actions were initially targeted at keeping COVID-19 out of prisons, with the detection of the Omicron variant in New Zealand in December 2021, our attention shifted to managing the virus in prisons and addressing the significant impact of the pandemic on staffing levels. Prisons are currently working on plans to resume activities, including in-person visits from whānau and friends, in a safe and sustainable way. Not all prisons have been ready to resume activities at the same time as this is heavily dependent on levels of COVID-19 at different sites, and staffing availability. The safety and wellbeing of our staff, people in prison, and the community continues to be our highest priority.

## How Corrections performed

The table below outlines Corrections' performance against our current performance measures, and indicates changes made to the structure of performance measures in this area.

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The proportion of all offenders entitled to receive an offender plan that received one within Standards of Practice timeframes	New measure for 2020	82%	82%	81%	85%	Greater than or equal to 85%
The proportion of prisoners who have completed an intensive literacy and numeracy programme who demonstrate statistically significant gains	50%	49%	70% <sup>42</sup>	72%	35%	Greater than or equal to 35%
The percentage of offenders who start and complete a rehabilitation programme:						
- Prisoners	89%	85%	88%	80%	85%	Greater than or equal to 85%
- Community-based offenders	68%	63%	68%	58%	65%	Greater than or equal to 65%
Total number of referrals made to reintegration services that resulted in a start	3,896	2,719	4,398	2,943	4,000	4,000
The percentage of target hours prisoners are engaged in industry, treatment and learning activities	New measure for 2020	73%	86%	48% <sup>43</sup>	80%	Greater than or equal to 80%

42. The calculation methodology was refined for the 2020/21 financial year. Performance was previously based on the proportion of assessments that showed a statistically significant gain in literacy and/or numeracy, whereas now performance is based on the proportion of people who have been assessed as achieving a statistically significant gain in literacy and/or numeracy. Prior years actuals have not been restated.

43. Engagement attributed to unit employment and self-directed learning activities is restricted to predefined limits to encourage participation in more structured interventions (unit employment hours are capped at five hours per day, self-directed learning at three hours per day). These limits are applied by Corrections to acknowledge the difficulty in corroborating unit activities.

## ***Explanation of budgeted performance measures not achieved***

### **Offender plans received within Standards of Practice timeframes**

In prisons, our case managers work one-on-one with people to identify the causes of their offending and connect them to appropriate rehabilitation programmes, educational opportunities, and reintegration services. In the community, probation officers take on the role of case manager, helping the people they manage to address the causes of their offending and offering access to programmes and services to address their rehabilitative needs. The completion of these plans in a timely manner enables the best possible opportunity for people to participate in activities that will contribute to addressing their identified needs.

In 2021/22, case managers and probation officers prepared more than 29,000 offender plans (7,848 for prisoners, and 21,266 for people in the community). Eighty-one percent of these were received within the recommended timeframes (comprised of 75 percent in prison, 84 percent in the community), compared to 82 percent in 2020/21 (comprised of 76 percent in prison, 84 percent in the community). Despite challenges posed by COVID-19 for much of 2021/22, performance against this measure has remained consistent with the previous two financial years.

Increasing whānau involvement in the rehabilitation and reintegration of people in our management is an essential part of achieving our goals under Hōkai Rangi. A whānau manaaki plan (developed with a tikanga Māori approach) is currently being implemented as part of the Hawke's Bay Māori Pathways programme. Men work with their whānau and case manager to develop a plan together that helps identify specific goals and the support required to achieve them.

There is also a significant emphasis being placed on how we best support the needs of people on remand. This is being addressed in some part through the development of a plan that specifically focuses on the short-term release and reintegrative needs of these individuals.

### **Prisoners and community-based offenders who start and complete a rehabilitation programme**

The majority of programme delivery was initially suspended at all sites when the country entered Alert Level 4 lockdown in August 2021. While face-to-face delivery of programmes has been restricted during the pandemic, as COVID-19 restrictions eased under Alert Level 3 and 2, a selected number of programmes have been able to take place by other means, such as over the telephone, AVL, and in a small number of cases, in-person where appropriate social distancing requirements could be maintained.

The suspension of the majority of non-essential programmes from mid-August 2021 had a significant impact on this year's performance results of 80 percent and 58 percent in prisons and the community respectively. This was primarily due to a combination of lower start and complete volumes, as well as higher exits as a result of programmes being suspended during this time.

For more information on how we are supporting people with their rehabilitation pathways, see pages 69 – 72.

### **Reintegration service referral starts**

We have a duty of care to people in prison and those being managed in the community to not only keep them safe and well, but also to give them every opportunity to turn their lives around. We know that when we give people support and assistance with employment, as well as with education, accommodation, and life skills, they leave our management with a strong foundation from which they can establish a life free from crime. By helping people break the cycle of re-offending we also improve the safety of our communities.

We have a wide range of reintegration services available, including navigation services, supported accommodation, employment services, and longer-term intensive residential services involving wrap-around support.

In 2021/22, 2,943 referrals made to reintegration service providers resulted in a service start (comprised of 2,575 in prison, and 368 in the community). COVID-19 restrictions have meant that providers and prison sites, in particular, had to facilitate assessments remotely either over the telephone or AVL where available. Due to the limited availability of these resources, and the reliance on frontline staff to be available to facilitate the calls, both reintegration referrals, and subsequent service starts, were significantly impacted this year.



## Prisoner engagement in industry, treatment, and learning activities

Engagement includes focused employment (industry), programme participation (treatment), and education and training (learning). The intent of engaging people in prison in such activities is to provide the skills and opportunities they need to take greater control of their lives, with the aim of leading crime-free lives on release. All people in prison are considered eligible to engage and are assessed for suitability as part of their induction. We encourage people in prison to be engaged in a 40-hour week, however, this is not always practicable for those on remand, in high or maximum security, segregated, or medically unfit.

While the majority of prison-based activities were suspended when the country entered Alert Level 4 lockdown in mid-August 2021, a few key essential industry activities (covering kitchen, laundry, animal welfare, and distribution), and high intensity rehabilitation programmes continued. In addition, a number of non-essential industry activities were able to be continued at a site level as approved exceptions, for example nursery/horticulture, asset maintenance, electrical manufacturing, printshop, and recycling.

The suspension of a number of non-essential activities, had a significant impact on this year's performance result.

### How much did it cost?

For the year ended 30 June 2022

	2021	2022	2022	2022	2023
	Actual (restated) <sup>44</sup>	Actual	Budget (unaudited)	Supp. Estimates (unaudited)	Forecast (unaudited)
	\$000	\$000	\$000	\$000	\$000
<b>Total expenses</b>	<b>297,270</b>	<b>322,229</b>	<b>355,378</b>	<b>353,066</b>	<b>387,095</b>

Actual expenditure was \$25.0 million higher than 2021 actual, mainly due to increased investment in rehabilitation and reintegration services, including improved access to mental health and addiction support, housing and support services, and a kaupapa-based pathway for Māori. There has also been increased investment in processes to strengthen frontline delivery in response to the detrimental impact of COVID-19.

Actual expenditure was \$33.1 million lower than Budget, and \$30.8 million lower than Supplementary Estimates, mainly due to delays in the planned roll-out of some rehabilitation and reintegration services.

44. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 of the Annual Financial Statements for more details.

## ***Appropriation 3 – Policy Advice and Ministerial Services (MCA)***

### **OVERARCHING PURPOSE STATEMENT**

The single overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.

### **SCOPE OF THE APPROPRIATION**

This is an MCA as detailed below:

#### **3.1 Policy Advice**

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on Government policy matters.

#### **3.2 Ministerial Services**

This category is limited to Department responses to ministerial correspondence and parliamentary questions.

### **WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION**

This appropriation is intended to enable Corrections to respond to ministerial requests and parliamentary questions with a high standard of service. It also allows Corrections to provide policy advice to support decision-making by Ministers on Government policy matters.

This MCA provides core services to co-ordinate information provided to government and the public as well as developing policy that improves wellbeing and safety outcomes for New Zealand communities.

## How Corrections performed

The tables below outline Corrections' performance against our current performance measures.

### Policy Advice and Ministerial Services (MCA)

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The office of the Minister of Corrections is satisfied with the level of quality of policy advice, and of draft ministerial correspondence, provided by the Department (determined by an Annual Survey of satisfaction)	98%	97%	93%	95%	85%	Greater than or equal to 85%

### 3.1 Policy Advice

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90% <sup>45</sup>	74%	74%	78%	77%	At least an average of 70%	At least an average of 70%
The office of the Minister of Corrections is satisfied with the quality of policy advice provided, including quality of the written material and quality of the advice provided (measured through an annual survey) <sup>46</sup>	90%	88%	86%	92%	80%	Greater than or equal to 80%

### 3.2 Ministerial Services

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The percentage of ministerial draft correspondence that is signed without changes	100%	98%	99%	99%	Greater than 95%	Greater than or equal to 95%
The percentage of all responses to parliamentary questions that are completed within five working days	100%	100%	100%	100%	Greater than 98%	Greater than or equal to 98%
The percentage of responses to ministerial draft correspondence that are completed within 20 working days	100%	100%	99%	99%	Greater than 98%	Greater than or equal to 98%

Footnotes continued over page

## How much did it cost?

For the year ended 30 June 2022

	2021	2022	2022	2022	2023
	Actual	Actual	Budget	Supp. Estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
<b>EXPENSES</b>					
- Policy Advice	2,817	3,015	2,556	4,506	3,756
- Ministerial Services	2,472	3,339	2,305	2,305	2,305
<b>Total expenses</b>	<b>5,289</b>	<b>6,354</b>	<b>4,861</b>	<b>6,811</b>	<b>6,061</b>

Expenses within this appropriation are primarily staff-related costs incurred in providing policy advice and responses to ministerial and parliamentary questions, and *Official Information Act 1982* requests.

Actual expenditure was \$1.1 million and \$1.5 million higher than 2021 actual and Budget respectively, mainly due to additional resources to support the Long-Term Insights Briefing and Legislative Review programmes.

### Footnotes continued

45. This indicator provides a standardised score for the policy technical quality reviews undertaken by the third-party assessor, in this case the New Zealand Institute of Economic Research. The result is based on reviews of a sample of analytical and research outputs independently assessed on a five-point scale (1 = unacceptable, 2 = poor, 3 = acceptable, 4 = good, 5 = outstanding). For 2021/22, the annual result reflects an average of the scores for 20 reviews.

46. This indicator is a quantitative representation of the Minister of Corrections' satisfaction with the services provided by the policy function on a Likert scale from never to always, where never means unsatisfied and always means extremely satisfied. From 1 July 2019, the review has changed to use the Department of Prime Minister and Cabinet's Policy Quality Framework.



## Appropriation 4 – Department of Corrections Capital Expenditure (PLA)

### SCOPE OF APPROPRIATION

This appropriation is limited to the purchase or development of assets by and for the use of the Department of Corrections, as authorised by section 24(1) of the *Public Finance Act 1989*.

### WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to achieve renewal and replacement of assets in support of the provision of Corrections outputs. Corrections has a capital programme of work that is focused on upgrading its assets, providing resilience to respond to changing demand and service needs, and establishing a safe and more humanising and healing environment.

### How Corrections performed

The table below outlines Corrections' performance against our current performance measures.

	2019	2020	2021	2022	2022	2023
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
Number of new Community Corrections sites and existing site refurbishments	4	Nil	2	4	3	3
Prison Capacity Programme – permanent beds added <sup>47</sup>	131	318	557	488	488	Nil

### How much did it cost?

For the year ended 30 June 2022

	2021	2022	2022	2022	2023
	Actual (restated) <sup>48</sup>	Actual	Budget (unaudited)	Supp. Estimates (unaudited)	Forecast (unaudited)
	\$000	\$000	\$000	\$000	\$000
<b>CAPITAL EXPENSES</b>					
Property, plant, and, equipment	474,039	307,822	395,268	391,627	330,077
Intangibles	10,711	7,233	53,700	44,801	75,000
<b>Total appropriation</b>	<b>484,750</b>	<b>315,055</b>	<b>448,968</b>	<b>436,428</b>	<b>405,077</b>

Actual expenditure was \$169.7 million lower than 2021 actual, mainly due to completion of the Modular Build programme during this year, and the impact of COVID-19 lockdowns on the international and local supply chains.

Actual expenditure was \$133.9 million lower than Budget, and \$121.4 million lower than Supplementary Estimates, mainly due to delays in the new facility at Waikeria Prison.

47. Permanent beds include emergency beds. Corrections has added a total of 2,465 beds since 2016.

48. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 of the Annual Financial Statements for more details.

## Appropriation 5 – Transfer of Three Waters Assets

### SCOPE OF APPROPRIATION

This appropriation is limited to expenses incurred in Corrections transferring Three Waters Assets to water service providers.

### WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to facilitate the transfer of Corrections' Three Waters Assets to water services providers.

### How Corrections performed

The table below outlines Corrections' performance against our current performance measure, and indicates changes made to the structure of the performance measure in this area.

	2021	2022
Assessment of performance	Actual	Actual
Performance will be measured by the execution of the agreement relating to the transfer of Three Waters Assets at Auckland Prison to Watercare Services Limited.	New measure for 2022.	The agreement has not yet been executed due to delays caused by the requirement to reprice the proposal.  An in-principle expense transfer has been pre-approved to transfer funding to 2023.

### How much did it cost?

For the year ended 30 June 2022

	2021	2022	2022	2022	2023
	Actual	Actual	Budget	Supp. Estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
<b>Total expenses</b>	-	-	-	6,200	-

Funding was approved in the Supplementary Estimates to facilitate the transfer of Three Waters Assets at Auckland Prison to Watercare Services Limited. No expenditure was recognised this year due to delays in finalising the contract. An in-principle expense transfer has been pre-approved to transfer funding to 2023.

# ***PART C:***

## ***Annual Financial Statements***

## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2022

2021			2022	2022	2022	2023
Actual	Note		Actual	Budget	Supp. estimates	Forecast
(restated) <sup>49</sup>			(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000			\$000	\$000	\$000	\$000
<b>REVENUE</b>						
1,773,660	Revenue Crown		1,871,158 <sup>50</sup>	1,794,508	1,894,436	2,015,916
198	Departmental revenue		912	-	630	-
50,548	Other revenue	2	43,649	34,139	46,708	36,174
<b>1,824,406</b>	<b>Total operating revenue</b>		<b>1,915,719</b>	<b>1,828,647</b>	<b>1,941,774</b>	<b>2,052,090</b>
<b>EXPENSES</b>						
847,072	Personnel costs	3	900,633	885,678	925,097	938,468
572,712	Operating costs	4	547,605	550,150	574,068	588,496
224,597	Depreciation and amortisation		200,212	190,127	220,921	261,336
135,180	Capital charge	5	172,105	138,721	170,078	173,633
46,462	Finance costs	15	45,003	63,971	51,610	90,157
<b>1,826,023</b>	<b>Total operating expenses</b>		<b>1,865,558</b>	<b>1,828,647</b>	<b>1,941,774</b>	<b>2,052,090</b>
<b>(1,617)</b>	<b>Net operating (deficit)/surplus</b>		<b>50,161</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REMEASUREMENTS</b>						
1,062	Unrealised gain in fair value of biological assets	10	384	-	-	-
55	Unrealised gain/(loss) in fair value of shares		(975)	-	-	-
1,625	Unrealised gain in fair value of discount rates for retiring and long service leave		3,532	-	-	-
197,458	Unrealised gain in fair value of derivative financial instruments	20	224,844	5,422	72,649	(1,106)
<b>200,200</b>	<b>Total remeasurements</b>		<b>227,785</b>	<b>5,422</b>	<b>72,649</b>	<b>(1,106)</b>
<b>198,583</b>	<b>Net surplus/(deficit)</b>		<b>277,946</b>	<b>5,422</b>	<b>107,596</b>	<b>(1,106)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>						
504,923	Revaluation gain on land and buildings	16	-	-	-	-
<b>504,923</b>	<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>703,506</b>	<b>Total comprehensive revenue and expense</b>		<b>277,946</b>	<b>5,422</b>	<b>107,596</b>	<b>(1,106)</b>

49. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

50. Actual Revenue Crown was recognised below entitlement (Supplementary Estimates) reflecting the transfer of funding to out-years relating to pre-approved in-principle expense transfers.

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.

## Statement of Changes in Taxpayers' Funds

For the year ended 30 June 2022

2021		2022	2022	2022	2023
Actual	Note	Actual	Budget	Supp. estimates	Forecast
(restated) <sup>49</sup>		(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
<b>2,636,827</b>	<b>Taxpayers' funds restated at 1 July<sup>49</sup></b>	<b>3,380,640</b>	<b>2,800,160</b>	<b>3,380,638</b>	<b>3,560,711</b>
198,583	Net surplus/(deficit)	277,946	5,422	107,596	(1,106)
	<b>Adjustments for flows to and from the Crown</b>				
54,363	Add capital injection from the Crown	72,477	69,495	72,477	103,475
504,923	Revaluation gain	-	-	-	-
(14,056)	Provision for payment of surplus to the Crown	(41,262)	-	-	-
<b>545,230</b>	<b>Total adjustments for flows to and from the Crown</b>	<b>31,215</b>	<b>69,495</b>	<b>72,477</b>	<b>103,475</b>
<b>3,380,640</b>	<b>Taxpayers' funds at 30 June</b>	<b>3,689,801</b>	<b>2,875,077</b>	<b>3,560,711</b>	<b>3,663,080</b>

49. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.



## Statement of Financial Position

As at 30 June 2022

2021		2022	2022	2022	2023
Actual	Note	Actual	Budget	Supp. estimates	Forecast
(restated) <sup>49</sup>		(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Current assets</b>					
67,649		66,164	50,000	50,000	50,000
42,200		27,992	23,025	23,025	23,025
468,161	6	635,531	395,451	503,022	592,859
5,708		8,233	4,000	4,000	4,000
2,600	7	2,600	-	-	-
<b>586,318</b>	<b>Total current assets</b>	<b>740,520</b>	<b>472,476</b>	<b>580,047</b>	<b>669,884</b>
<b>Non-current assets</b>					
4,832		3,857	4,750	4,750	4,750
-	15	21,933	-	-	-
4,432,701	8	4,554,808	4,158,202	4,622,347	4,702,191
41,804	9	33,712	130,896	105,925	162,296
8,802	10	9,251	7,975	7,975	7,975
<b>4,488,139</b>	<b>Total non-current assets</b>	<b>4,623,561</b>	<b>4,301,823</b>	<b>4,740,997</b>	<b>4,877,212</b>
<b>5,074,457</b>	<b>Total assets</b>	<b>5,364,081</b>	<b>4,774,299</b>	<b>5,321,044</b>	<b>5,547,096</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
128,429	11	156,132	135,000	135,000	135,000
153,879	12	173,259	117,869	117,869	117,869
13,347	15	26,570	12,102	12,102	13,067
42,402	13	42,743	6,000	6,000	6,000
14,056	14	41,262	-	-	-
<b>352,113</b>	<b>Total current liabilities</b>	<b>439,966</b>	<b>270,971</b>	<b>270,971</b>	<b>271,936</b>
<b>Non-current liabilities</b>					
20,338	12	18,072	20,518	20,518	20,518
217,194	15	14,283	300,894	137,123	130,555
1,104,172	15	1,201,959	1,306,839	1,331,721	1,461,007
<b>1,341,704</b>	<b>Total non-current liabilities</b>	<b>1,234,314</b>	<b>1,628,251</b>	<b>1,489,362</b>	<b>1,612,080</b>
<b>1,693,817</b>	<b>Total liabilities</b>	<b>1,674,280</b>	<b>1,899,222</b>	<b>1,760,333</b>	<b>1,884,016</b>
<b>TAXPAYERS' FUNDS</b>					
1,676,101	16	1,985,262	1,675,462	1,856,174	1,958,543
1,704,539	16	1,704,539	1,199,615	1,704,537	1,704,537
<b>3,380,640</b>	<b>Total taxpayers' funds</b>	<b>3,689,801</b>	<b>2,875,077</b>	<b>3,560,711</b>	<b>3,663,080</b>
<b>5,074,457</b>	<b>Total liabilities and taxpayers' funds</b>	<b>5,364,081</b>	<b>4,774,299</b>	<b>5,321,044</b>	<b>5,547,096</b>

49. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.

## Statement of Cash Flows

For the year ended 30 June 2022

2021		2022	2022	2022	2023
Actual	Note	Actual	Budget	Supp. estimates	Forecast
(restated) <sup>49</sup>		(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash provided from:</b>					
1,704,989	Receipts from Crown	1,726,087	1,789,764	1,863,500	1,937,797
521	Receipts from departments	1,045	-	(1,105)	-
49,130	Receipts from other revenue	34,555	34,139	49,064	36,174
1,831	GST payable (net)	(11,611)	-	(6,629)	-
<b>Cash disbursed to:</b>					
(837,242)	Payments for employees	(879,060)	(893,714)	(940,514)	(935,334)
(554,236)	Payments to suppliers	(520,319)	(524,932)	(565,491)	(603,348)
(135,180)	Payments for capital charge	(172,105)	(135,955)	(170,078)	(173,633)
<b>229,813</b>	<b>Net cash flows from operating activities</b>	<b>17</b>	<b>178,592</b>	<b>228,747</b>	<b>261,656</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Cash provided from:</b>					
27	Receipts from interest and dividends	258	-	-	-
1,657	Receipts from sale of physical, biological and intangible assets	1,232	-	2,600	-
<b>Cash disbursed to:</b>					
(223,158)	Purchase of physical and biological assets	(166,626)	(204,523)	(153,221)	(177,760)
(10,711)	Purchase of intangible assets	(7,233)	(51,269)	(83,067)	(67,474)
<b>(232,185)</b>	<b>Net cash flows from investing activities</b>	<b>(172,369)</b>	<b>(255,792)</b>	<b>(233,688)</b>	<b>(245,234)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash provided from:</b>					
54,363	Capital injections	72,477	69,495	72,477	103,475
<b>Cash disbursed to:</b>					
(46,577)	Interest payment	(46,210)	(70,903)	(59,032)	(97,831)
(12,019)	Repayment of financial liabilities	(19,919)	(12,102)	(12,103)	(22,066)
(2,240)	Return of operating surpluses	(14,056)	-	(14,050)	-
<b>(6,473)</b>	<b>Net cash flows from financing activities</b>	<b>(7,708)</b>	<b>(13,510)</b>	<b>(12,708)</b>	<b>(16,422)</b>
<b>(8,845)</b>	<b>Net increase/(decrease) in cash</b>	<b>(1,485)</b>	<b>-</b>	<b>(17,649)</b>	<b>-</b>
76,494	Cash at the beginning of the year	67,649	50,000	67,649	50,000
<b>67,649</b>	<b>Cash at the end of the year</b>	<b>66,164</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

49. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.



## Statement of Commitments

As at 30 June 2022

2021 Actual \$000		2022 Actual \$000
<b>CAPITAL COMMITMENTS</b>		
288,975	Buildings	119,962
3,776	Computer hardware	473
3,014	Motor vehicles	2,406
376	Plant and equipment	823
6,667	Intangibles	6,247
<b>302,808</b>	<b>Total capital commitments</b>	<b>129,911</b>
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>		
20,607	Less than one year	20,619
64,043	One to five years	62,108
78,459	More than five years	68,662
<b>163,109</b>	<b>Total non-cancellable operating lease commitments</b>	<b>151,389</b>
<b>465,917</b>	<b>Total commitments</b>	<b>281,300</b>

### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition or construction of buildings, service concession arrangements, motor vehicles, plant, equipment, and intangible assets that have not been paid for or not recognised as a liability at balance date.

### Non-cancellable operating lease commitments

Corrections leases premises at many locations throughout New Zealand. The annual lease rentals are subject to regular reviews, usually ranging from two years to three years. The amounts disclosed above as future commitments are based on current rental rates.

The accompanying notes form part of these financial statements.

# Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2022

## Quantifiable contingent liabilities

2021		2022
Actual		Actual
\$000		\$000
1,431	Related to offenders	7,438
962	Employees and contractors	1,200
<b>2,393</b>	<b>Total quantifiable contingent liabilities</b>	<b>8,638</b>

## Legal proceedings

As at 30 June 2022, Corrections was defending 58 court claims and proceedings which were assessed and had a value for contingent liability (2021: 36). Filed mostly by prisoners, the proceedings included applications for Judicial Review and claims for breach of the *New Zealand Bill of Rights Act 1990* and sought compensation or other redress for perceived/alleged instances of wrongful action or decision-making by Corrections and individuals.

## Personal grievances

Corrections was defending 11 employment and contractor-related claims, made mostly by staff members as at 30 June 2022 (2021: 13).

## Unquantifiable contingent liabilities

### Waikeria Prison Development Public Private Partnership project

In August 2022, Corrections received claims from the main contractor for compensation for time and productivity losses incurred between October 2020 and August 2022 due to the COVID-19 pandemic totalling approximately \$430 million.

In accordance with the Projects Agreement the jointly appointed Independent Reviewer is assessing these claims. The Independent Reviewer has rejected the majority of the claims based on the evidence provided by the consortium.

For the remaining claims that are still under review, Corrections has itself assessed the nature of the claims and has provided for contractual matters to the extent a liability as at 30 June 2022 is considered probable (refer to Note 13).

At this stage it is not possible to reliably estimate the impact on Corrections' operations, or its financial position for future periods, in relation to this matter.

## Contingent assets

Corrections has no contingent assets (2021: Quantifiable \$nil).

The accompanying notes form part of these financial statements.

## Statement of Trust Monies

For the year ended 30 June 2022

	As at 1 July 2021	Contribution	Distribution	As at 30 June 2022
	\$000	\$000	\$000	\$000
Trust accounts	2,222	19,046	(19,344)	1,924
<b>Total trust accounts</b>	<b>2,222</b>	<b>19,046</b>	<b>(19,344)</b>	<b>1,924</b>

Money held in trust is not included in Corrections' reported bank balances. Trust money is held on behalf of people in prison and residents in the bank accounts maintained by each prison (one bank account per prison) and residence respectively.

Trust accounts mainly represent funds held in trust on behalf of prisoners, to account for prisoner earnings, reduced by purchases while in prison and other receipts/withdrawals of prisoner funds.

Other trust accounts represent funds held in trust on behalf of the residents subject to either a Substantive Detention Order or an Interim Detention Order, to account for resident earnings and/or benefits, reduced by purchases and other receipts/withdrawals of resident funds.

The accompanying notes form part of these financial statements.



# Notes to the Financial Statements

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES

### **Reporting entity**

Corrections is a government department as defined by Section 5 of the *Public Service Act 2020*. It is domiciled and operates in New Zealand. The relevant legislation governing Corrections' operations includes the *Public Finance Act 1989*, the *Corrections Act 2004*, *Corrections Regulations 2005*, the *State Sector Act 1988*, the *Sentencing Act 2002*, the *Parole Act 2002*, the *Public Safety (Public Protection Orders) Act 2014*, the *Bail Act 2000*, and the *Returning Offenders (Management and Information) Act 2015*.

Corrections is a wholly owned entity of the New Zealand Crown whose primary objective is to administer New Zealand's corrections system in a way that is designed to improve public safety, reduce re-offending, and contribute to the maintenance of a fair and just society.

In addition, Corrections has reported on Crown activities that it administers in the non-departmental statements and schedules on pages 164 – 168.

### **Statutory authority**

The financial statements for Corrections have been prepared in accordance with the requirements of the *Public Finance Act 1989 (PFA)*. For the purposes of financial reporting, Corrections is classified as a Public Benefit Entity (PBE).

### **Reporting period**

The reporting period for these financial statements is the year ended 30 June 2022 with comparative figures for the year ended 30 June 2021.

The financial statements were authorised for issue by the Chief Executive of the Department of Corrections on 30 September 2022.

### **Basis of preparation**

The financial statements have been prepared on a going concern basis and the accounting policies have been consistently applied throughout the year, except as disclosed in Note 23, change in accounting policy.

### **Statement of compliance**

These financial statements, including comparatives, have been prepared in accordance with Public Sector Public Benefit Entity (PBE) Accounting Standards – Tier 1. These standards are based on International Public Sector Accounting Standards (IPSAS).

### **Measurement base**

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain non-current assets, actuarial valuations of certain liabilities, and the fair value measurement of certain financial instruments.



## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### ***Basis of preparation (continued)***

#### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand dollars (\$000).

The functional currency is New Zealand dollars.

#### **Standards and amendments issued that are not yet effective and have not been early adopted**

Standards and amendments issued that are not yet effective, and have not been early adopted, and which are relevant to Corrections are:

##### ***PBE IPSAS 41 Financial Instruments***

PBE FRS 41 replaces PBE IFRS 9 *Financial Instruments* and is effective for the year ending 30 June 2023, with earlier adoption permitted. Corrections has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. Corrections does not intend to early adopt the standard.

##### ***PBE FRS 48 Service Performance Reporting***

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023, with early adoption permitted. Corrections has not yet determined how application of PBE FRS 48 will affect its statement of performance. It does not plan to adopt the standard early.

### ***Critical judgments and estimates***

The preparation of financial statements in conformity with PBE accounting standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Retiring and long service leave**

An independent actuarial valuation is undertaken annually to estimate the present value of long service and retiring leave liabilities. The calculations are based on:

- > likely future entitlements accruing to staff, years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information; and
- > the present value of the estimated future cash flows.

Note 12 provides an analysis of the exposure and assumptions in relation to estimates and uncertainties surrounding these liabilities.

#### **Revaluation of land and buildings**

Critical judgments in determining the remaining useful lives of land and buildings have been made by Corrections. Assessing the appropriateness of useful lives and residual values of land and buildings requires consideration of a number of factors such as the physical condition, expected period of use by Corrections, and expected proceeds from any disposal.

Any property revaluations are certified by an appropriately qualified valuer. Refer to Note 8 for further details.

## COVID-19

Corrections has considered the potential impact of COVID-19 on its financial statements and operations. The operations of Corrections were considered essential services and, as such, continued to operate through all Alert Levels. This has limited the impact of COVID-19 on Corrections' financial statements, operations and the Government's response to Corrections.

An assessment of the impact of COVID-19 on Corrections' key estimates and judgements is set out below, based on information available at the time of preparing these financial statements:

Balance Sheet Item	COVID-19 Assessment	Note
Cash	No impact to carrying value. All cash is held with Westpac Bank with Standard & Poor's credit rating of AA-.	-
Debtors and other receivables	Debtors and other receivables are mainly comprised of Debtor Crown and the New Zealand Debt Management Office (Standard and Poor's credit rating of AAA), receivables from external parties and other government entities.  Corrections does not have significant concentration of credit risk for its receivables from external parties and other government entities.	6
	<b>Land and buildings</b> Corrections' land and buildings are held at fair value. A full revaluation of freehold land and buildings was undertaken at 30 June 2021. Corrections has considered the impact of COVID-19 on the carrying value of land and buildings and has engaged Beca Limited, an independent valuer, to complete a market movement review to 30 June 2022. Based on this review there has been no material change in fair value that will require a change in the current year fair value of Corrections' land and buildings.	8
Property, plant, and equipment	<b>Waikeria Public Private Partnership (PPP)</b> COVID-19 has impacted the construction completion and costs for the Waikeria Corrections Treatment Facility.  In August 2020, Corrections entered into a variation agreement with Cornerstone Infrastructure Partners and its subcontractors on project completion dates and contractual costs to mitigate the effects of COVID-19. As part of the agreement, the debt component of the quarterly unitary charges commenced in May 2022, ahead of the proposed project completion. The early repayment of debt component of the quarterly unitary charges totalled \$6.8 million in financial year 2021/22. The payment has resulted in the value of the PPP asset being greater than the PPP liability at 30 June 2022.	8
	<b>Other property, plant, and equipment projects</b> Those ongoing projects are also experimenting delay due to COVID-19.	8
Employee entitlements	Retiring and long service leave liability is reported as the present value of estimated future cash outflows. An independent actuarial valuation was undertaken to determine the value as at 30 June 2022.  Annual leave provisions were impacted by increased levels of annual leave owing to employees due to the impact of COVID-19.	12
Derivative financial instruments	Derivative financial instruments are in the form of interest rate swaps entered into with New Zealand Debt Management Office and are measured at fair value on 30 June 2022 using the NZ Dollar swap curve. As a result of a higher interest rate environment, the present value of the liability has decreased.	15

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### ***Budget and forecast figures***

The budget figures are for the year ended 30 June 2022 and were published in the 2020/21 Annual Report. They were included in the Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2021, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the 2021/22 Supplementary Estimates.

The forecast figures are for the year ending 30 June 2023, and are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update 2022. Actual results achieved for the forecast period are likely to vary from the information presented, and some variations may be material.

The forecast financial statements have been prepared as required by the *Public Finance Act 1989* to communicate forecast financial information for accountability purposes. The information in these financial statements may not be appropriate for purposes other than described.

The forecast figures have been prepared in accordance with PBE FRS 42 *Prospective Financial Statements*.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The forecast financial statements were authorised by the Chief Executive of the Department of Corrections on 7 April 2022. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

Corrections does not intend to update the forecast financial statements subsequent to the publication of these statements.

### **Significant assumptions used in preparing the forecast financials**

The forecast figures contained in these financial statements reflect Corrections' purpose and activities and are based on a number of assumptions regarding what may occur during the 2022/23 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the budget was finalised.

The main assumptions adopted as at 30 March 2022 were as follows:

- > Corrections' activities and output expectations will focus on the Governments' priorities aligned to the Justice Cluster's programmes and Corrections' Hōkai Rangī strategy
- > personnel costs reflect planned capacity movements and anticipated remuneration changes
- > operating costs are based on historical experience and other factors that are believed to be reasonable in the circumstances and are Corrections' best estimate of future costs that will be incurred
- > no impact of the revaluation of land and buildings as at 30 June 2022 has been forecast
- > capital commitments are expected to be realised as planned
- > service concession assets for Auckland South Corrections Facility and Auckland Prison are operating in accordance with unitary charge profiles and priced into the forecast. The Waikeria Prison service concession asset is still under construction
- > prison population/demand levels reflect expected population levels in line with the Justice Sector projection.

## Significant accounting policies

### Revenue

#### REVENUE – EXCHANGE TRANSACTIONS

##### Revenue - Department and third party

Revenue earned in exchange for the provision of outputs (products or services) to third parties is recorded as operating revenue.

Revenue from the supply of services is measured at the fair value of consideration received, recognised on a straight-line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer (usually on delivery of the goods), when the amount of revenue can be measured reliably, and it is probable that the economic benefit or service potential associated with the transaction will flow to the entity.

##### Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

##### Dividend revenue

Dividend revenue relates to investments arising from Corrections' business dealings with companies in the farming industry. Dividend revenue is recognised when the right to receive payment has been established.

##### Rental revenue

Rental revenue arising from residential property leases is accounted for on a straight-line basis over the lease term and included in revenue.

#### REVENUE – NON-EXCHANGE TRANSACTIONS

##### Revenue Crown

Revenue from the Crown is measured based on Corrections' funding entitlement for the reporting period.

The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the *Appropriation (Supplementary Estimates) Act* for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, Corrections can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

##### Donated or subsidised assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue when control of the asset is transferred to Corrections.

##### Insurance proceeds

Insurance proceeds are recognised when a settlement agreement has been reached which establishes the right to receive payment. Insurance proceeds received for future operating costs are recognised as income in advance. Refer to Note 11.

### Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.



## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### ***Finance costs***

Finance costs are incurred in relation to the repayment of service concession arrangement asset design and construction costs over the contract term. Finance costs are recognised as an expense in the period in which they are incurred, except to the extent that they are capitalised under the allowed alternative treatment method.

Finance costs that are directly attributable to the construction of a service concession arrangement asset are capitalised as part of the cost of the asset during the construction period.

### ***Derivative financial instruments***

Corrections enters into interest rate swap derivative financial instruments with the New Zealand Debt Management Office. These instruments are used to manage Corrections' exposure to fluctuating market interest rates that arise from its Public Private Partnership arrangements.

Derivatives are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The resulting gain or loss is recognised as remeasurements in Statement of Comprehensive Revenue and Expense. The fair value of derivatives is determined using the New Zealand Dollar swap curve that is based on the New Zealand Official Cash Rate, bank bill rates, and swap rates.

An interest rate swap derivative is classified as current if the contract is due to mature within 12 months of balance date. Otherwise, the full fair value is classified as non-current.

### ***Cash and cash equivalents***

Cash includes cash on hand, cash held in bank accounts and deposits with a maturity of no more than three months. Corrections is required by the Treasury to maintain a positive balance in its bank accounts at all times.

### ***Debtors and other receivables***

Debtors and other receivables comprise the Debtor Crown together with non-Crown trade debtors and other receivables balances where Corrections has an entitlement to receive payment within 12 months following balance date.

Other than Debtor Crown, which is a statutory receivable, the non-Crown debtors and other receivables are financial assets governed by various contractual arrangements and include amounts due to Corrections from other entities within the Crown Reporting Group.

The Debtor Crown represents the balance of Crown appropriation available to Corrections and is recognised as at the nominal amount receivable.

Non-Crown debtors and other receivables are recognised at the nominal amount due, less an allowance for credit losses. Corrections applies the simplified expected credit loss model of recognising lifetime expected credit losses for debtors and other receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the past due date. Short-term receivables are written off when there is no reasonable expectations of recovery. Indicators that there is no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

### ***Inventories***

Inventories held for resale are measured at the lower of cost (calculated using the weighted average method) and net realisable value. Inventories consumed in providing a service are measured at cost or replacement cost.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. The amount of any write-down for the loss of service potential, or from cost to net realisable value, is charged to surplus or deficit in the period of the write-down.

Corrections' inventory consists of supplies that are available for prisoner purchases, operational supplies and inventory held for use in prisoner employment. No inventories are pledged as security for liabilities.

All inventories are expected to be realised within 12 months and are therefore classified as current.

### ***Non-current assets held for sale***

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

### ***Property, plant, and equipment***

Items of property, plant, and equipment are recognised at cost or valuation, less accumulated depreciation and impairment losses.

#### **Land and buildings**

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence, except for prison buildings, which are valued at optimised depreciated replacement cost. Land and buildings are revalued at least every three years or whenever the carrying amount differs materially to fair value. Additions between revaluations are initially recorded at cost.

Unrealised gains and losses arising from changes in the value of property, plant, and equipment are recognised as at balance date. To the extent that a gain reverses a loss previously charged to surplus or deficit for the asset class, the gain is credited to surplus or deficit. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class, any loss is debited to the reserve. Otherwise, losses are reported in the Statement of Comprehensive Revenue and Expense.

Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

#### **Other property, plant, and equipment**

Other property, plant, and equipment assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Corrections and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Corrections and the cost of the item can be measured reliably.

#### **Disposals**

Realised gains and losses arising from disposal of property, plant, and equipment are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs. When revalued assets are sold or derecognised, the amounts included in asset revaluation reserves in respect of those assets are transferred to general funds.

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### Service concession arrangements

Service concession arrangements are recognised as assets under construction within property, plant, and equipment until the in-service date. Such service concession arrangement assets are capitalised under each asset class to which the nature of the asset relates to in accordance with Corrections' policies, which comply with *PBE IPSAS 17 Property, Plant and Equipment*.

Service concession assets are recognised initially at cost being the fair value of the amount owed to the concession operator for the construction of the asset at the time the asset becomes operational.

Subsequently, service concession assets are measured in accordance with Corrections' policy relevant to each class of asset.

Payments made to the contractor for the provision of services are recognised as an expense as incurred. Payments relating to the capital component reduce the financial liability when they are made. Finance costs are incurred in relation to the repayment of the service concession liability over the contract term and are recognised as an expense in the period in which they are incurred.

### Depreciation

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant, and equipment, less any residual value, over its estimated useful life. Motor vehicles that have been classified as non-heavy duty have a residual value of 20%.

Typically, the depreciation rates for classes of property, plant, and equipment are as follows:

Class of asset	Useful life	Residual value
Land	Not depreciated	Not applicable
Buildings	3 - 95 years	Nil
Plant and equipment	3 - 10 years	Nil
Furniture and fittings	3 - 5 years	Nil
Computer hardware	3 - 10 years	Nil
Motor vehicles	5 - 8 years	20%

The useful life of buildings is reassessed following any revaluation.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the leasehold improvement, whichever is the shorter.

### ***Intangible assets***

#### Software acquisition and development

Acquired computer software licenses are capitalised, where appropriate, on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with Software-as-a-Service arrangement (where service contracts providing Corrections with the right to access the cloud provider's application software over the contract period, including configure or customise, and the ongoing fees to obtain access to the cloud provider's application software), maintaining computer software and training staff are recognised as an expense when incurred.

Direct costs that are associated with the development of software for internal use by Corrections are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of the relevant indirect costs.

## Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of asset	Useful life	Residual value
Acquired/internally generated software	3 - 10 years	Nil

## Biological assets

Corrections' biological assets consist of sheep, beef and dairy cattle, and pigs farmed at various locations throughout New Zealand.

Biological assets are recorded at fair value less costs associated with the sale or disposal of those assets. Gains or losses due to changes in the per head value of livestock and changes in livestock numbers, are recognised in the Statement of Comprehensive Revenue and Expense.

## Investments

Investments comprise listed and unlisted equity investments that arise from Corrections' business arrangements with entities in the farming sector, principally shares in Fonterra Co-Operative Group Limited.

Investments are initially and subsequently measured at their fair value with gains and losses from changes in fair value recognised in remeasurements in surplus or deficit.

When sold, any gain or loss on sale is recognised in surplus or deficit.

## Impairment of non-financial assets

### Cash-generating assets

Corrections does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return. Corrections holds some commercial assets with the primary objective of providing employment-training opportunities to prisoners as part of rehabilitation and reintegration programmes.

### Non-cash generating assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An intangible asset that is not yet available for use at balance date is tested for impairment annually.

Assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where Corrections would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### **Employee entitlements**

#### **Short-term employee entitlements**

Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

#### **Long-term employee entitlements**

Employee entitlements that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employees provide the related service, such as long service leave and retirement leave have been calculated on an actuarial basis. The calculations are based on:

- > likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that the employees will reach the point of entitlement, contractual entitlement information; and
- > the present value of estimated future cash flows.

#### **Termination benefits**

Termination benefits are recognised in the Statement of Comprehensive Revenue and Expense only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits expected to be settled within 12 months are reported at the amount expected to be paid. Termination benefits not expected to be settled within 12 months are reported as the present value of the estimated future cash outflows.

#### **Defined contribution schemes**

Obligations for contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expense as they are incurred.

#### **Parental leave**

Corrections provides an ex-gratia payment to employees (approximating six weeks' pay) who return to Corrections for a period of time (as specified in contracts, typically three to six months) after being on parental leave.

Corrections anticipates that this provision will be realised within 12 months.

### **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of these transactions are recognised in the Statement of Comprehensive Revenue and Expense.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange spot rate at balance date. Foreign exchange gains or losses arising from translation of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

### **Financial instruments**

Corrections is a party to various types of financial instrument as part of its usual operations. These financial instruments comprise cash and cash equivalents, debtors and other receivables, investments, creditors and other payables, and other financial liabilities.

Financial instruments are held in order to collect contractual cash flows and not for trading purposes.



### Initial measurement

All financial instruments are initially recognised at their fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case any associated transaction costs are recognised in surplus or deficit.

### Subsequent measurement

After initial recognition, financial assets that give rise to receipts of principal and interest only are measured at amortised cost less an allowance for expected credit losses where there is a risk that these may arise. Corrections' financial assets that are subsequently measured at amortised cost comprise cash and cash equivalents, debtors, and other receivables.

Investments are subsequently measured at fair value through surplus or deficit.

Creditors and other payables and service concession arrangement liabilities maturing within 12 months following the balance date are measured at amortised cost.

Service concession arrangement liabilities maturing later than 12 months after balance date are subsequently measured at amortised cost using the effective interest rate method.

Financial instrument derivatives are measured at fair value through surplus or deficit.

### Financial assets impairment

Corrections recognises a loss allowance for expected credit losses when it considers that the credit risk on a financial asset has increased significantly since initial recognition.

Changes in the amount of the loss allowance are recognised as an impairment gain or loss in surplus or deficit.

### **Provisions**

Corrections recognises a provision for future expenditure of uncertain amount or timing when:

- > there is a present obligation (either legal or constructive) as a result of a past event;
- > it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- > a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for net deficits from future operating activities. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increases in the provision due to the passage of time would be recognised as a finance cost.

### Accident Compensation Corporation (ACC) Accredited Employer Programme

Corrections belongs to the ACC Accredited Employer Programme whereby Corrections accepts the management and financial responsibility of work-related illnesses and accidents of employees.

Under the programme, Corrections is liable for the costs of all claims for a period of five years. At the end of the five-year period, Corrections pays a premium to ACC for the value of residual claims, and the liability for ongoing claims passes to ACC from that point.

The liability for the programme is measured at the present value of expected future payments to be made in respect of the employee injuries and claims up to the reporting date using actuarial techniques. Consideration is given to expected future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

### Onerous contracts

When the expected benefits or service potential to be derived from a contract are lower than the unavoidable costs of meeting the obligations under the contract, a provision is recognised. The provision is measured at the present value of the future net cash outflows expected to be incurred in respect of the contract.

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### **Taxation**

#### **Income tax**

Government departments are exempt from income tax as public authorities. Accordingly, no provision has been made for income tax.

#### **Goods and services tax (GST)**

All statements are GST exclusive, except for creditors and other payables and debtors and other receivables within the Statement of Financial Position. These amounts are shown as GST inclusive.

The net amount of GST payable to, or recoverable from, Inland Revenue at balance date is included in creditors or debtors as appropriate. The net amount of GST paid to or received from Inland Revenue including GST relating to investing and financing activities is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Operating leases**

Leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease.

Leasehold improvements are capitalised and the cost is depreciated over the unexpired period of the lease or the estimated remaining useful life of the leasehold improvements, whichever is shorter.

### **Commitments**

Future expenses and liabilities to be incurred on capital contracts and non-cancellable operating leases that have been entered into at balance date are disclosed as commitments to the extent they represent unperformed obligations.

### **Contingent liabilities**

Contingent liabilities are disclosed in the Statement of Contingent Liabilities at the point at which the contingency is evident. Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic resources is remote.

### **Contingent assets**

Contingent assets are disclosed in the Statement of Contingent Assets at the point at which an inflow of economic benefits or service potential is probable.

### **Cost allocation accounting policies**

Corrections has determined the costs of outputs using the cost allocation system outlined below.

Costs that are driven by prisoner or offender-related activities are recognised as direct costs and assigned to outputs. Direct costs are charged to outputs based on actual consumption or activity analysis. Pre-established ratios have been used in some instances, which are reviewed at regular intervals.

Indirect costs are driven by organisational support functions and are not directly related to prisoner or offender activities. Indirect costs are allocated to outputs based on appropriate resource consumption and/or activity analysis.

There have been no changes to cost allocation methodology during the period.

## Changes in accounting policy

There has been one change in accounting policy since the date of the last audited financial statements.

### Implementation of International Financial Reporting Interpretations Committee (IFRIC) agenda decision and new accounting policy

During the year, Corrections revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. Historical financial information has been restated to account for the impact of the change (refer Note 23).

### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing Corrections with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

### NOTE 2: OTHER REVENUE

2021 Actual \$000		2022 Actual \$000
29,916	Sale of goods	27,681
3,186	Board and rents	2,832
1,239	Profit on sale of assets	889
16,207	Revenue other	12,247
<b>50,548</b>	<b>Total other revenue</b>	<b>43,649</b>

Sale of goods mainly comprises revenue from offender employment activities such as farming, distribution and other industries.

Revenue other includes Auckland South Corrections Facility PPP gain on refinancing of \$7.4 million and insurance proceeds of \$4.5 million (2021: \$16.2 million) received for the Waikeria disorder incident.

### NOTE 3: PERSONNEL COSTS

2021 Actual \$000		2022 Actual \$000	2022 Budget (unaudited) \$000	2023 Forecast (unaudited) \$000
819,734	Salaries and wages	872,918	859,677	912,264
3,286	ACC Accredited Employer Programme	4,879	1,468	1,495
210	Government Superannuation Fund contribution expense	193	129	1,094
22,757	State Sector Retirement Savings Scheme and KiwiSaver employer contribution	23,673	24,054	23,283
1,085	Retiring and long service leave	(1,030)	350	332
<b>847,072</b>	<b>Total personnel costs</b>	<b>900,633</b>	<b>885,678</b>	<b>938,468</b>



#### NOTE 4: OPERATING COSTS

2021 Actual (restated) <sup>51</sup> \$000		2022 Actual \$000	2022 Budget (unaudited) \$000	2023 Forecast (unaudited) \$000
21,335	Operating lease rentals	22,806	23,027	23,514
468	Audit fees for annual audit	502	481	524
34	Fees to auditors for other services <sup>52</sup>	71	-	-
96,325	Facilities maintenance	96,647	95,248	99,577
79,475	Offender management costs	84,852	70,822	87,043
65,939	Information technology costs	59,460	49,045	54,194
132,192	Contract management	150,070	157,963	170,344
40,325	Administration	41,476	41,409	47,865
12,085	Inventory expenses	11,425	11,068	11,040
79,288	Other operating costs	89,795	101,087	94,395
28,300	Waikeria 'top jail' demolition <sup>53</sup>	(9,981)	-	-
16,946	Loss on sale or write-off of assets	482	-	-
<b>572,712</b>	<b>Total operating costs</b>	<b>547,605</b>	<b>550,150</b>	<b>588,496</b>

#### NOTE 5: CAPITAL CHARGE

Corrections pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2022 was 5% per annum (2021: 5% per annum).

#### NOTE 6: DEBTORS AND OTHER RECEIVABLES

2021 Actual \$000		2022 Actual \$000
<b>CURRENT PORTION</b>		
<b>Exchange transactions</b>		
3,767	Trade debtors - external	5,369
1,268	Sundry receivables	274
(63)	Less provision for impairment	-
<b>4,972</b>	<b>Trade debtors - external and employees</b>	<b>5,643</b>
743	Trade debtors - other government entities	610
<b>5,715</b>	<b>Total debtor and receivable from exchange transactions</b>	<b>6,253</b>
<b>Non-exchange transactions</b>		
462,446	Debtor Crown	629,278
<b>462,446</b>	<b>Total debtors and receivables from non-exchange transactions</b>	<b>629,278</b>
<b>468,161</b>	<b>Total debtors and other receivables</b>	<b>635,531</b>

The carrying value of trade debtors approximates their fair value.

The Debtor Crown of \$629.3 million (2021: \$462.4 million) consists of operating and capital funding (GST inclusive) not drawn down as a result of the timing of cash requirements.

There is minimal credit risk with respect to other external receivables. Corrections' standard terms of credit are that payment is due on the 20th of the month following the date of invoice.

Corrections classifies Debtor Crown as current because it can be realised in cash within three working days.

51. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

52. Total fees to auditors for other services in 2022 for probity assurance services totals \$78,523 of which \$8,175 has been capitalised.

53. The estimated cost of demolition provision reduction in the current financial year (refer to Note 13).

As at 30 June 2022 and 30 June 2021, all overdue receivables were assessed for impairment and appropriate expected credit loss provisions applied.

The expected credit loss rates for receivables at 30 June 2022 and 1 July 2021 are based on historical credit losses experienced across the two years prior to the measurement date and adjusted for any known economic factors that may affect their recoverability. There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses at 30 June 2022 and 1 July 2021 was determined as follows:

30 June 2022	Debtors and other receivables days past due					Total
	Current	1-30 days	31-60 days	61-90 days	More than 90 days	
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	-
Gross carrying amount (\$000)	633,144	423	305	134	1,525	635,531
Lifetime expected credit loss (\$000)	-	-	-	-	-	-

1 July 2021	Debtors and other receivables days past due					Total
	Current	1-30 days	31-60 days	61-90 days	More than 90 days	
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	5.9%	-
Gross carrying amount (\$000)	466,789	33	223	112	1,067	468,224
Lifetime expected credit loss (\$000)	-	-	-	-	63	63

Movements in the provision for impairment of debtors and other receivables are as follows:

2021	2022
Actual	Actual
\$000	\$000
27 Balance at 1 July	63
36 Provisions made/(released) during the year	(63)
<b>63 Balance at 30 June</b>	<b>-</b>

#### NOTE 7: NON-CURRENT ASSETS HELD FOR SALE

2021	2022
Actual	Actual
\$000	\$000
<b>Non-current assets held for sale comprise:</b>	
2,600 Land	2,600
<b>2,600 Total non-current assets held for sale</b>	<b>2,600</b>

Corrections-owned property on Barrowcliffe Place in Manukau has been presented as held for sale in 2021 following the approval under a Treaty settlement. The sale is expected to be completed in 2023.

The accumulated property revaluation reserve recognised in equity for the property at 30 June 2022 is \$0.6 million (2021: \$0.6 million).



## NOTE 8: PROPERTY, PLANT, AND EQUIPMENT

An independent valuer, Beca Limited (Beca), performed the most recent valuation of freehold land and buildings effective as at 30 June 2021. The opinion of value was arrived at by Nick Funnell, Registered Valuer and Member of the Property Institute of New Zealand. The total fair value of freehold land and buildings assessed by Beca at 30 June 2021 was \$3,360.9 million. In line with Corrections' accounting policy, the next valuation will be effective as at 30 June 2024 unless the current carrying value of Corrections' land and/or buildings assets is considered to differ materially from their fair value, in which case a revaluation will be undertaken at that time. Until the earlier of these revaluation events, the valuation undertaken in 2021 is considered to be fair and reasonable.

The valuation undertaken by Beca was completed in accordance with PBE IPSAS 17 *Property, Plant and Equipment* with reference to the International Valuation Standards *IVS 103 Reporting*, Property Institute of New Zealand's Guidance Note, and *NZVTIP2 Valuations of Real Property, Plant & Equipment* for use in New Zealand financial reports.

In completing the valuation, assets which have a known and visible market have been valued using the following appropriate methods:

- > Community Corrections site land and buildings have been valued in accordance with Income and Market valuation approaches. Community Corrections site buildings without a land component have been valued using a Cost approach. Seismic strength of the buildings has been an important consideration in assessing the value of these properties.
- > Prison complex assets that are considered to be specialised assets have been valued using the depreciated replacement cost method with the land component valued using a market sales evidence approach.
- > Land is valued at fair value using market-based evidence based on its highest and best use. Restrictions on title have been reflected in the valuation through making allowances based on comparable sales.
- > The replacement cost of the specific assets is adjusted where appropriate for optimisation due to over-design or surplus capacity.
- > Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2021 valuation include:
  - The replacement cost of the specific assets is adjusted where appropriate for optimisation due to over-design or surplus capacity.
  - The replacement cost is derived from recent construction costs. The specialised construction requirements of prison and corrections facility buildings result in construction rates being higher than other similar types of buildings.
  - The remaining useful life of assets is estimated after considering factors such as age, condition, functional obsolescence, technological obsolescence, environmental considerations, future maintenance and replacement plans, and experience with similar buildings.
  - The standard lives for different building components have been revised based on Beca's understanding of the use and performance of Corrections' assets across the portfolio.
  - The replacement cost is derived from recent construction costs. The specialised construction requirements of prison and corrections facility buildings result in construction rates being higher than other similar types of buildings.

Corrections currently holds residential properties that were purchased in the 1960s within its property portfolio. These properties are held to provide accommodation to staff working in prisons in rural areas or for future operational purposes. The rental revenue that is received from these properties is incidental, as opposed to being held for investment purposes. The net carrying amount of these properties is \$5.8 million (2021: \$0.72 million).

Corrections constructs prison buildings, including associated items of property, plant, and equipment, which are classified as assets under construction during the construction period and are capitalised to the appropriate property, plant, and equipment class at the in-service date. Assets under construction include buildings \$892.7 million (2021: \$879.5 million), leasehold improvements \$10.3 million (2021: \$37.6 million), and other assets \$22.3 million (2021: \$39.1 million).

### Held for sale

Corrections classifies property, plant, and equipment assets expected to be sold in the next 12 months as assets held for sale. The land at Barrowcliffe Place has been reclassified as held for sale at the carrying value of \$2.6 million. (Refer to Note 7).

### Heritage assets

Corrections holds the old prison at Mt Eden Corrections Facility as a heritage asset. This is currently disused, and no value has been attributed to it in the Beca valuation.

There are other heritage classified buildings within Corrections' property portfolio. Where the buildings are in use, they have been valued by Beca on a depreciated cost basis.

### Restrictions on title

Corrections has land holdings that are subject to Treaty of Waitangi claims and therefore there may be restrictions on disposal. No adjustment has been made to the value of Corrections' land holdings to reflect these restrictions.

There are no other restrictions over the title of Corrections' property, plant, and equipment, nor are there any property, plant, and equipment assets pledged as security for liabilities.

## Public Private Partnership (PPP) arrangements

### Auckland South Corrections Facility

Operations at the 960 bed Auckland South Corrections Facility (ASCF) commenced in May 2015. The facility was designed, financed and built through a PPP with SecureFuture Wiri Limited (SFWL) as contractor. Under the agreement, Corrections provided existing department owned land, adjacent to Auckland Region Women's Corrections Facility, to SFWL on which to build the prison. SFWL will continue to operate and maintain the prison for a period of 25 years, after which responsibility for ongoing maintenance and operations will revert to Corrections. The Chief Executive of the Department of Corrections will be responsible for the safe, secure and humane containment of prisoners on that site.

The carrying values of PPP assets relating to ASCF comprise land \$34.2 million (2021: \$34.2 million), buildings \$304.0 million (2021: \$313.8 million), plant and equipment \$1.5 million (2021: \$2.1 million), and other equipment \$0.02 million (2021: \$0.05 million).

Under this agreement Corrections pays a monthly unitary charge to SFWL from service commencement. This charge covers, and is allocated between:

- > Construction of the facility – these costs are not repriced and are recognised as a reduction against the service concession arrangement liability. Repayment of the service concession arrangement liability will be over a term of 25 years from service commencement at an effective interest rate of 8.79% per annum. Certain major capital expenditure incurred (such as re-roofing, replacement of heating units) during the term of the agreement is paid for by Corrections at the time it is provided by SFWL, and the unitary charge is adjusted at this time for these amounts.
- > Finance costs – finance costs are repriced every five years and the amount Corrections pays to SFWL is adjusted. Finance charges are recognised as an expense using the effective interest rate method.
- > Service costs – these costs cover operation of the facility as well as routine repairs and maintenance required to keep the facility operational and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. Any change in these service costs will result in a change to the amount Corrections pays to SFWL. Service costs are recognised as an expense in the period incurred.
- > Lifecycle costs – these costs are additional to routine repairs and maintenance carried out during the contract lifetime, which is agreed upfront.

The agreement provides for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted 25-year term.

Due to favourable market conditions in December 2017, SFWL and Corrections had refinanced the debt component to ensure improved debt terms and reduced base rates. This is two years ahead of the original scheduled refinancing and incurred no additional cost to Corrections. The service concession liability became a floating rate liability on 12 August 2019. Corrections has contracted an interest rate swap with NZDMO to mitigate exposure to interest rate risk (refer to Notes 15 and 20).

## NOTE 8: PROPERTY, PLANT, AND EQUIPMENT

### ***Auckland Prison***

Construction of the new maximum security facility at Auckland Prison was completed in July 2018. While the total maximum prisoner capacity has remained unchanged, the new modern facility will continue to ensure the safe containment of people in prison and allow people who have high and complex needs to receive care in an environment that supports them and the delivery of high quality rehabilitative and reintegrative services.

The facility was designed, financed, built, and will be maintained through a PPP with Next Step Partners LP (NSP) as contractor. Under the agreement, Corrections continues to undertake custodial operations and NSP will maintain the prison, including the integrated Auckland West facility, for a period of 25 years following construction completion. After this, responsibility for ongoing maintenance will revert to Corrections.

The land under the new maximum security facility was provided by Corrections. The carrying values of PPP assets relating to Auckland Prison comprise land \$3.2 million (2021: \$3.2 million), buildings \$318.4 million (2021: \$339.0 million), plant and equipment \$3.4 million (2021: \$4.4 million), and other equipment \$0.8 million (2021: \$0.6 million).

Under the agreement, Corrections pays a monthly unitary charge to NSP from service commencement. This charge covers, and is allocated between:

- > Construction of the facility – these costs are not repriced and are recognised as a reduction against the service concession liability. Repayment of the service concession liability will be over a term of 25 years from service commencement at an effective interest rate of 5.85% (2021: 5.90%) per annum.
- > Finance costs – finance costs are repriced every five years and the amount Corrections pays to NSP is adjusted. Finance charges are recognised as an expense using the effective interest rate method. Corrections has contracted an interest rate swap with NZDMO to mitigate exposure to interest rate risk (refer to Notes 15 and 20).
- > Service costs – these costs cover maintenance of the facility required to keep the facility operational and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. Any change in these service costs will result in a change to the amount Corrections pays to NSP. Service costs are recognised as an expense in the period incurred.
- > Lifecycle costs – these costs are additional to routine repairs and maintenance carried out during the contract lifetime which is agreed upfront.

The agreement provides for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted 25-year term.

## ***New Facility at Waikeria Prison***

Construction on the new facility at Waikeria Prison commenced in September 2018. Built on Corrections land adjacent to the existing Waikeria Prison, the new facility will develop an additional 600 beds, including 96 beds in a dedicated mental health treatment unit aimed at delivering a more effective and resilient prison network, and increased capability and capacity for mental health treatment.

The facility was designed, financed, built, and will be maintained through a PPP with Cornerstone Infrastructure Partners LP (CIP) as contractor. Under the agreement, custodial operations will continue to be carried out by Corrections and CIP will maintain the new facility for a period of 25 years following construction completion. After this, responsibility for ongoing maintenance will revert to Corrections.

The land under the new facility is owned by Corrections. The carrying value of PPP assets relating to Waikeria Corrections and Treatment Facility within assets under construction is \$812.1 million (2021: \$644.4 million).

Under the agreement Corrections pays a monthly unitary charge to CIP from service commencement. This charge covers, and is allocated between:

- > Construction of the facility – these costs are not repriced and are recognised as a reduction against the service concession liability. Repayment of the service concession liability will be over a term of 25 years from service commencement at an effective interest rate of 6.59% (2021: 6.15%) per annum.
- > Finance costs – finance costs are repriced every five years and the amount Corrections pays to CIP is adjusted. Finance charges are recognised as an expense using the effective interest rate method. Corrections has contracted an interest rate swap with NZDMO to mitigate exposure to interest rate risk (refer to Notes 15 and 20).
- > Service costs – these costs cover maintenance of the facility required to keep the facility operational and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. Any change in these service costs will result in a change to the amount Corrections pays to CIP. Service costs are recognised as an expense in the period incurred.
- > Lifecycle costs – these costs are additional to routine repairs and maintenance carried out during the contract lifetime which is agreed upfront.

In August 2020, Corrections entered into a variation agreement with Cornerstone Infrastructure Partners and its subcontractors on project completion dates and contractual costs to mitigate the effects of COVID-19. As part of the agreement, the debt component of the quarterly unitary charges commenced in May 2022, ahead of the proposed project completion. The early repayment of debt component of the quarterly unitary charges totalled \$6.8 million in financial year 2021/22. The payment results in the value of the PPP asset being greater than the PPP liability at 30 June 2022.

The agreement provides for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted 25-year term.



**NOTE 8: PROPERTY, PLANT, AND EQUIPMENT (continued)**

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Computer hardware	Motor vehicles	Assets under construction	Total property, plant and equipment
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost or valuation</b>									
Balance at 1 July 2020	184,994	2,833,233	51,265	125,268	26,354	68,864	56,728	728,460	4,075,166
Additions	-	56,380	310	6,878	498	9,409	7,526	393,038	474,039
Disposals/write-offs	-	(17,793)	-	(12,930)	(1,955)	(42,992)	(4,355)	(1,531)	(81,556)
Transfers <sup>54</sup>	(2,600)	135,238	340	8,168	255	3,677	-	(147,465)	(2,387)
Revaluation increase	38,590	132,832	-	-	-	-	-	-	171,422
<b>Cost or valuation at 30 June 2021</b>	<b>220,984</b>	<b>3,139,890</b>	<b>51,915</b>	<b>127,384</b>	<b>25,152</b>	<b>38,958</b>	<b>59,899</b>	<b>972,502</b>	<b>4,636,684</b>
<b>Add: Movements</b>									
Additions	-	76,183	1,748	7,771	1,167	3,765	5,750	211,438	307,822
Disposals/write-offs	-	(25)	(13,354)	(2,658)	(127)	(7,141)	(3,591)	-	(26,896)
Transfers	-	217,891	34,777	2,467	2,611	335	-	(258,685)	(604)
<b>Cost or valuation at 30 June 2022</b>	<b>220,984</b>	<b>3,433,939</b>	<b>75,086</b>	<b>134,964</b>	<b>28,803</b>	<b>35,917</b>	<b>62,058</b>	<b>925,255</b>	<b>4,917,006</b>
<b>Accumulated depreciation and impairment losses</b>									
Balance at 1 July 2020	-	(164,494)	(36,448)	(77,619)	(21,987)	(61,264)	(34,252)	-	(396,064)
Depreciation expense	-	(172,275)	(3,799)	(15,299)	(998)	(8,259)	(4,983)	-	(205,613)
Disposals/write-offs	-	3,268	-	12,047	1,953	42,986	3,939	-	64,193
Revaluation increase	-	333,501	-	-	-	-	-	-	333,501
<b>Accumulated depreciation and impairment losses at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>(40,247)</b>	<b>(80,871)</b>	<b>(21,032)</b>	<b>(26,537)</b>	<b>(35,296)</b>	<b>-</b>	<b>(203,983)</b>
<b>Add: Movements</b>									
Depreciation expense	-	(148,461)	(5,718)	(15,140)	(1,352)	(8,527)	(5,211)	-	(184,409)
Disposals/write-offs	-	18	13,362	2,270	127	7,138	3,279	-	26,194
Transfers	-	-	-	2,122	(2,122)	-	-	-	-
<b>Accumulated depreciation and impairment losses at 30 June 2022</b>	<b>-</b>	<b>(148,443)</b>	<b>(32,603)</b>	<b>(91,619)</b>	<b>(24,379)</b>	<b>(27,926)</b>	<b>(37,228)</b>	<b>-</b>	<b>(362,198)</b>
<b>Carrying amounts per asset class</b>									
At 30 June 2022	220,984	3,285,496	42,483	43,345	4,424	7,991	24,830	925,255	4,554,808
At 30 June 2021	220,984	3,139,890	11,668	46,513	4,120	12,421	24,603	972,502	4,432,701

54. The total balance against transfers relates to the transfer of computer hardware assets under construction from intangible assets to property, plant, and equipment upon capitalisation and transfer to assets held for sale.



## NOTE 9: INTANGIBLE ASSETS

	Acquired software	Internally generated software	Assets under construction	Total intangible assets
	\$000	\$000	\$000	\$000
<b>Cost or valuation</b>				
Balance at 1 July 2020 <sup>55</sup>	51,663	140,694	28,277	220,634
Additions	295	11,471	17,611	29,377
Disposals/write-offs	-	-	-	-
Transfers	514	23,200	(23,926)	(212)
Software-as-a-Service adjustment	-	(11,471)	(7,195)	(18,666)
<b>Cost or valuation at 30 June 2021 (restated)<sup>55</sup></b>	<b>52,472</b>	<b>163,894</b>	<b>14,767</b>	<b>231,133</b>
<b>Add: Movements</b>				
Additions	-	2,372	4,861	7,233
Disposals/write-offs	(30,688)	(92,436)	(9)	(123,133)
Transfers <sup>56</sup>	209	8,319	(7,924)	604
<b>Cost or valuation at 30 June 2022</b>	<b>21,993</b>	<b>82,149</b>	<b>11,695</b>	<b>115,837</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance 1 July 2020	(45,873)	(124,472)	-	(170,345)
Amortisation expense	(2,707)	(19,270)	-	(21,977)
Disposals	-	-	-	-
Software-as-a-Service adjustment	-	2,993	-	2,993
<b>Accumulated amortisation and impairment losses at 30 June 2021 (restated)<sup>55</sup></b>	<b>(48,580)</b>	<b>(140,749)</b>	<b>-</b>	<b>(189,329)</b>
<b>Add: Movements</b>				
Amortisation expense	(2,869)	(12,934)	-	(15,803)
Disposals/transfers	30,567	92,440	-	123,007
Impairment losses	-	-	-	-
<b>Accumulated amortisation and impairment losses at 30 June 2022</b>	<b>(20,882)</b>	<b>(61,243)</b>	<b>-</b>	<b>(82,125)</b>
<b>Carrying amounts as at 30 June 2022</b>	<b>1,111</b>	<b>20,906</b>	<b>11,695</b>	<b>33,712</b>
<b>At 30 June 2021 (restated)<sup>55</sup></b>	<b>3,892</b>	<b>23,145</b>	<b>14,767</b>	<b>41,804</b>

Corrections develops and maintains internally generated software, which is classified as an asset under construction and capitalised at the in-service date.

There are no restrictions over the title of Corrections' intangible assets, nor are any intangible assets pledged as security for liabilities.

Corrections has revised its accounting policy in Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

55. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

56. The total balance against transfers relates to the transfer of computer hardware assets under construction from intangible assets to property, plant, and equipment upon capitalisation.

## NOTE 10: BIOLOGICAL ASSETS

2021 Actual \$000		2022 Actual \$000
	<b>Cost or valuation</b>	
8,066	Balance at 1 July	8,802
13	Purchases	163
8,625	Net gain due to regeneration, maturation, and changes in unit values	8,193
(7,902)	Sales/harvest	(7,907)
<b>8,802</b>	<b>Cost or valuation at 30 June</b>	<b>9,251</b>
<b>736</b>	<b>Net change</b>	<b>449</b>
(326)	Change due to movement in quantity	65
1,062	Change due to movement in fair value	384
<b>8,802</b>	<b>Carrying amounts at 30 June</b>	<b>9,251</b>

Corrections farms sheep, beef and dairy cattle, and pigs at various locations throughout New Zealand.

The valuation of livestock is based on the active market price and was undertaken by various independent livestock valuers.

There are no restrictions over the title of Corrections' biological assets, nor are any biological assets pledged as security for liabilities.

Corrections has assessed the impact of Mycoplasma bovis on its biological assets. Based on testing to date there is a very low risk of stock being impacted and therefore no adjustments to the carrying value of these assets is necessary.

## NOTE 11: CREDITORS AND OTHER PAYABLES

2021 Actual \$000		2022 Actual \$000
	<b>Exchange transactions</b>	
7,546	Trade creditors	11,747
96,963	Accrued expenditure	117,617
7,291	Income in advance	2,521
<b>111,800</b>	<b>Total creditor and payable from exchange transactions</b>	<b>131,885</b>
	<b>Non-exchange transactions</b>	
16,629	GST payable	24,247
<b>16,629</b>	<b>Total creditors and payables from exchange transactions</b>	<b>24,247</b>
<b>128,429</b>	<b>Total creditors and other payables</b>	<b>156,132</b>

Creditors and other payables are non-interest bearing and are normally settled within 30 days. Therefore the carrying value of creditors and payables approximates their fair value.

In 2020/21, \$6.9 million of Income in advance related to business continuity insurance received in advanced for future operating cost. \$4.5 million of the \$6.9 million has been recognised as revenue in 2021/22, leaving a balance of \$2.4 million for future operational costs.

Corrections classifies creditors and other payables that are expected to be settled within 12 months as current.

## NOTE 12: EMPLOYEE ENTITLEMENTS

2021 Actual \$000		2022 Actual \$000
<b>Current liabilities</b>		
30,495	Retiring and long service leave	26,937
97,816	Annual leave	106,102
3,815	Sick leave	4,648
16,791	Accrued salaries and wages	30,540
1,225	Parental leave	1,331
3,737	Holidays Act provision	3,701
<b>153,879</b>	<b>Total current portion</b>	<b>173,259</b>
<b>Non-current liabilities</b>		
20,338	Retiring and long service leave	18,072
<b>20,338</b>	<b>Total non-current portion</b>	<b>18,072</b>
<b>174,217</b>	<b>Total employee entitlements</b>	<b>191,331</b>

Employee entitlements, expected to be settled within 12 months of balance date, are measured at nominal values based on accrued entitlements at current rates of pay.

Corrections classifies employee entitlements as current:

- > that are expected to be settled within 12 months after the balance date; and
- > where Corrections does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

### ***Retiring and long service leave***

The present value of the retiring and long service leave obligations depends on multiple factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are the discount rates and the salary inflation factors. Any changes in these assumptions will impact on the carrying amount of the liability.

Independent valuer David Chamberlain (Fellow of the New Zealand Society of Actuaries) from Melville Jessup Weaver valued the retiring and long service leave as at 30 June 2022.

The major assumptions used in the 30 June 2022 valuation are that future salary growth rates of 3.1% in 2023 and an average of 2.4% thereafter (2021: 1% in 2022 and 2.5% thereafter) per annum and discount rates ranged from 3.34% to 4.31% (2021: 0.38% to 2.98%) per annum for the next 10 years. The discount rates used are those advised by Treasury and the long-term salary inflation assumption in the public sector.

If the discount rate were to increase/decrease by 1% from Corrections' estimates, with all other factors held constant, the carrying amount of the liability and the surplus/(deficit) would be an estimated \$2 million lower/\$2.3 million higher respectively.

If the salary inflation factor were to increase/decrease by 1% from Corrections' estimates, with all other factors held constant, the carrying amount of the liability and the surplus/(deficit) would be an estimated \$2.3 million higher/\$2.1 million lower respectively.



## NOTE 12: EMPLOYEE ENTITLEMENTS (continued)

### **Holidays Act 2003 provision**

Corrections has worked to comply with an Enforceable Undertaking issued under the *Employment Relations Act 2000* to modify our payroll system to be fully compliant and completed the work in calculating any liabilities due and owing to current employees (completed in November 2019). Further work to fulfil our obligation to remediate past employees is still in progress (delayed due to COVID-19 and resourcing challenges).

Corrections has estimated the amount of the obligation under the Act to remediate the past employees and recognised a provision in the financial statements. The provision as at 30 June 2022 represents Corrections' best estimate of remediation costs and Corrections has received specific funding to fully cover this provision amount. Corrections is currently in the process of making payments to past employees whose information is provided and validated.

## NOTE 13: PROVISIONS

2021		2022	2022	2022
Total provisions		Employee accidents	Other provisions	Total provisions
Actual		Actual	Actual	Actual
\$000		\$000	\$000	\$000
<b>Current provisions</b>				
9,917	Balance at 1 July	10,557	31,845	42,402
34,817	Additional provisions made during the year	4,490	11,630	16,120
(2,332)	Charged/released against provision for the year	(3,562)	(12,217)	(15,779)
<b>42,402</b>	<b>Total current provisions</b>	<b>11,485</b>	<b>31,258</b>	<b>42,743</b>
<b>42,402</b>	<b>Total provisions</b>	<b>11,485</b>	<b>31,258</b>	<b>42,743</b>

### **Employee accidents**

The provision relates to the estimation of Corrections' outstanding claims liability under the ACC Accredited Employer's Programme. An independent valuer, Craig Lough (Fellow of the New Zealand Society of Actuaries) from Melville Jessup Weaver, provided an estimate of the outstanding claims liability as at 30 June 2022 and 30 June 2021.

#### **Key assumptions**

The key assumptions used in determining the value of outstanding claims are:

- > the development pattern of claims payments is the same for all loss periods. That is, the future claims pattern will reflect that which occurred in the past
- > the assumed loss ratios were determined by considering the observed loss ratios for developed loss quarters and having regard to the general trends in claims costs
- > the discount rates were based on government bond yields published by the Reserve Bank of New Zealand
- > Corrections will remain in the ACC Accredited Employer's Programme (ACC AEP) for the foreseeable future. If Corrections were to exit immediately, a risk margin of approximately 11.6% (2021: 11.6%) per annum would be added by ACC.

The estimated ACC AEP outstanding claims liability as at 30 June 2022 included a provision for future claims handling expenses of 8.7% (2021: 8.3%) per annum of expected future claim costs.

Corrections manages its exposure arising from the programme by promoting a safe and healthy working environment through:

- > implementing and monitoring health and safety policies
- > providing health and safety induction training
- > actively managing workplace injuries to ensure employees return to work as soon as practicable
- > recording and monitoring workplace injuries and near misses to identify risk areas and implementing mitigating actions
- > identifying workplace hazards and implementing appropriate safety procedures.

## Other provisions

### WAIKERIA INCIDENT

#### Demolition costs

Following the Waikeria riot in December 2020, initial independent assessments were obtained as to the estimated costs associated with the requirement to demolish the 'top jail'. These initial assessment were used to inform the recognition of a demolition provision of \$28.3 million as at 30 June 2021. During the 2021/22 financial year, Corrections engaged further with experts to complete in-depth assessments of the demolition requirements and to determine the full scope of the required work. This specifically included assessing the impact of asbestos contamination. Corrections subsequently engaged a supplier to complete the required demolition, removal, and soil remediation work. Based on the final full cost assessment agreed with the contracted supplier, a reduced provision of \$18.0 million has been recognised as at 30 June 2022. The primary reason for the lower provision is that the asbestos contamination has been determined to be localised and not as widespread and deeply embedded in the soil as was initially assessed. The demolition work is scheduled to be completed within 12 months from 30 June 2022.

#### Waikeria Prison Development PPP project

The Waikeria Prison PPP provision of \$7.9 million relates to estimates for expected contractual claims for compensation for time and productivity losses incurred due to the COVID-19 pandemic, where it is probable that Corrections will be liable to meet these claims. Actual costs may vary from the provision estimates.

Corrections has also recognised an unquantified contingency liability as there are matters still to be resolved. Refer to the Statement of Contingent Liabilities and Contingent Assets for further details.

#### NOTE 14: PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

2021		2022
Actual (restated) <sup>57</sup>		Actual
\$000		\$000
198,583	Net surplus/(deficit)	277,946
	<b>Add</b>	
15,673	Prior year Software-as-a-Service change in accounting policy	-
(2,742)	Other unrealised (gain)/loss in fair value recognised in surplus	-
(197,458)	Unrealised gain in fair value of derivative financial instruments	(224,844)
-	Retention of surplus	(11,840)
<b>14,056</b>	<b>Adjusted net surplus</b>	<b>41,262</b>
<b>14,056</b>	<b>Provision for repayment of surplus to the Crown</b>	<b>41,262</b>

The return of any surplus to the Crown is repaid by 31 October of each year.

57. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.



## NOTE 15: OTHER FINANCIAL LIABILITIES

2021 Actual \$000		Note	2022 Actual \$000
1,117,519	Service concession arrangements	20	1,228,529
217,194	Derivative financial instruments	20	(7,650)
<b>1,334,713</b>	<b>Total net financial liabilities/(assets)</b>		<b>1,220,879</b>
	<b>Non-current assets</b>		
-	Derivative financial instruments		(21,933)
	<b>Current liabilities</b>		
13,347	Service concession arrangements		26,570
	<b>Non-current liabilities</b>		
1,104,172	Service concession arrangements		1,201,959
217,194	Derivative financial instruments		14,283
<b>1,334,713</b>	<b>Total net financial liabilities/(assets)</b>		<b>1,220,879</b>

### *Reconciliation of movements in liabilities arising from financing activities*

	2022 Service concession arrangements Actual \$000	2022 Derivative Financial Instruments Actual \$000	2022 Total Actual \$000
Balance at 1 July 2021	1,117,519	217,194	1,334,713
Net cash flows	(19,919)	-	(19,919)
Waikeria PPP liability	141,196	-	141,196
Fair value movements	-	(224,844)	(224,844)
Other changes	(10,267)	-	(10,267)
<b>Balance at 30 June 2022</b>	<b>1,228,529</b>	<b>(7,650)</b>	<b>1,220,879</b>

#### Service concession arrangements

Other financial liabilities include Corrections' liabilities under service concession arrangements (refer to Note 8).

Each liability will be repaid over a term of 25 years from its service commencement. Service concession arrangement liabilities that Corrections expects to be settled within 12 months of balance date are classified as current.

Corrections has no securities against other financial liabilities.

#### Derivative financial instruments

Corrections uses derivative financial instruments in the form of interest rate swaps entered into with the New Zealand Debt Management Office (NZDMO) to manage its exposure to fluctuating market interest rates arising from its Public Private Partnership arrangements.

At 30 June 2022 the total notional principal amount outstanding for Corrections' interest rate swap derivatives was \$1,226.6 million (2021: \$1,235.1 million).

Corrections has four (2021: four) interest rate swaps with the NZDMO and these derivatives are classified as non-current.

For the arrangement with Next Step Partners, the first interest rate swap derivative is calculated at a fixed interest rate of 4.78% and the second at 2.60% per annum and the maturity dates range from 2022 to 2042.

For the arrangement with SecureFuture Wiri Limited the interest rate swap derivative is calculated at a fixed rate of 3.78% per annum and the maturity dates range from 2019 to 2039.

For the arrangement with Cornerstone Infrastructure Partners the interest rate swap derivative is calculated at a fixed rate of 3.91% per annum and the maturity dates range from 2023 to 2046.

These derivatives are measured at fair value determined as at the balance date using the New Zealand Dollar swap curve, which is made up of the New Zealand Official Cash Rate, bank bill rates and swap rates.

As a result of a higher interest rate environment, the present value of the liability has decreased. The resulting unrealised gain in fair value of derivative financial instruments between 30 June 2021 and 30 June 2022 of \$224.8 million (2021: unrealised gain \$197.5 million) is recognised within remeasurements in the net surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Derivatives are reported in the Statement of Financial Position as assets when their fair value is positive and as a liability when their fair value is negative.

#### NOTE 16: TAXPAYERS' FUNDS

Taxpayers' funds comprise general funds and revaluation reserves.

2021 Actual (restated) <sup>58</sup> \$000	Note	2022 Actual \$000
<b>GENERAL FUNDS</b>		
<b>1,437,211</b>	<b>Balance at 1 July</b>	<b>1,676,101</b>
198,583	Net surplus	277,946
54,363	Capital contribution from the Crown	72,477
<b>252,946</b>	<b>Total movement in general funds</b>	<b>350,423</b>
(14,056)	Provision for repayment of surplus to the Crown	(41,262)
<b>1,676,101</b>	<b>Balance at 30 June</b>	<b>1,985,262</b>
<b>REVALUATION RESERVES</b>		
1,199,616	Balance at 1 July	1,704,539
504,923	Revaluation gains	-
<b>1,704,539</b>	<b>Balance at 30 June</b>	<b>1,704,539</b>
<b>3,380,640</b>	<b>Total taxpayers' funds at 30 June</b>	<b>3,689,801</b>
<b>Revaluation reserves</b>		
<b>Land</b>		
129,901	Balance at 1 July	168,491
38,590	Revaluation gains	-
<b>168,491</b>	<b>Balance at 30 June</b>	<b>168,491</b>
<b>Buildings</b>		
1,069,715	Balance at 1 July	1,536,048
466,333	Revaluation gains	-
<b>1,536,048</b>	<b>Balance at 30 June</b>	<b>1,536,048</b>
<b>1,704,539</b>	<b>Total revaluation reserves at 30 June</b>	<b>1,704,539</b>

Corrections has no restricted reserves.

58. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

## NOTE 17: RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

2021 Actual (restated) <sup>59</sup> \$000		2022 Actual \$000
<b>198,583</b>	<b>Net Surplus</b>	<b>277,946</b>
	<i>Add/(less) non-cash items</i>	
224,597	Depreciation and amortisation	200,212
(197,458)	Derivative financial instrument increase	(224,844)
(1,062)	Biological assets revaluation gain	(384)
(55)	Share fair value (increase)/decrease	975
(1,625)	Gain on retiring and long service leave	(3,532)
<b>24,397</b>	<b>Total non-cash items</b>	<b>(27,573)</b>
	<i>(Increase)/decrease in working capital</i>	
(80,637)	Debtors and other receivables	(167,370)
2,750	Inventories	(2,525)
(20,424)	Prepayments	14,208
2,561	Creditors and other payables	27,703
32,485	Provisions	341
7,544	Employee entitlements	20,646
<b>(55,721)</b>	<b>Working capital movements – net</b>	<b>(106,997)</b>
	<i>Add/(less) items classified as investing or financing activities</i>	
376	Biological assets decrease	(65)
(77)	Investment increase	-
(27)	Interest and dividends received	(258)
15,707	Net loss on sale or disposal of non-current assets	(402)
-	PPP refinancing movements	(9,062)
46,575	Interest on other financial liabilities	45,003
<b>62,554</b>	<b>Total investing or financing activity items</b>	<b>35,216</b>
<b>229,813</b>	<b>Net cash flow from operating activities</b>	<b>178,592</b>

## NOTE 18: RELATED PARTY DISCLOSURE

Corrections is a wholly owned entity of the New Zealand Crown. The Government significantly influences the strategic direction, operating intentions and business operations of Corrections as well as being its major source of revenue.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those that it is reasonable to expect Corrections would have adopted in dealing with the party at arms' length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Corrections has determined key management personnel as the Chief Executive and the individual members of the Executive Leadership Team. Remuneration applicable to key management personnel is disclosed under Note 19.

There were no related party transactions or commitments to disclose (2021: Nil).

The Treasury advises that responsible Minister Hon Kelvin Davis has certified that he has no related party transactions for the year ended 30 June 2022 (2021: Minister Hon Kelvin Davis – Nil).

59. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

## NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

Corrections' key management personnel are the seven members of the Executive Leadership Team, which includes the Chief Executive, five Deputy Chief Executives and the National Commissioner (2021: five Deputy Chief Executives and the National Commissioner).

2021 Actual \$000		2022 Actual \$000
2,615	Executive Leadership Team remuneration	2,739
6.7	Full-time equivalent staff	7.56

## NOTE 20: FINANCIAL INSTRUMENTS

### Categories of financial instruments

Corrections is party to financial instrument arrangements as part of its everyday operations. These include instruments such as cash and cash equivalents, investments, debtors and other receivables, creditors and other payables, and other financial liabilities.

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

2021 Actual \$000		Note	2022 Actual \$000
<b>FINANCIAL ASSETS</b>			
<b>Financial assets measured at amortised cost</b>			
67,649	Cash and cash equivalents		66,164
468,161	Debtors and other receivables	6	635,531
<b>535,810</b>	<b>Total financial assets measured at amortised cost</b>		<b>701,695</b>
<b>Financial assets mandatorily measured at fair value through surplus or deficit</b>			
-	Derivative financial instruments		21,933
4,832	Investments	15	3,857
<b>540,642</b>	<b>TOTAL FINANCIAL ASSETS</b>		<b>727,485</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Financial liabilities measured at amortised cost</b>			
128,429	Creditors and other payables	11	156,132
1,117,519	Service concession arrangements	15	1,228,529
<b>1,245,948</b>	<b>Total financial assets measured at amortised cost</b>		<b>1,384,661</b>
<b>Financial liabilities mandatorily measured at fair value through surplus or deficit</b>			
217,194	Derivative financial instruments	15	14,283
<b>1,463,142</b>	<b>TOTAL FINANCIAL LIABILITIES</b>		<b>1,398,944</b>

The liability for the repayment of surplus to the Crown is not a financial liability, as defined by *PBE IPSAS 28 Financial Instruments: Presentation*, as the obligation to pay arises from statute.



## NOTE 20: FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

Corrections uses various methods in estimating the fair value of a financial instrument. Fair values are determined according to the following hierarchy:

- > Level 1: Quoted market price – financial instruments with quoted market prices for identical instruments in active markets.
- > Level 2: Valuation technique using market observable inputs – financial instruments with quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets, and financial instruments valued using models where all significant inputs are observable.
- > Level 3: Valuation technique with significant non-observable inputs – financial instruments valued using models where one or more significant inputs are not observable.

	2021			2022		
	Valuation technique			Valuation technique		
	Quoted market price	Significant non-observable inputs	Total	Quoted market price	Significant non-observable inputs	Total
	Level 1	Level 3		Level 1	Level 3	
Note	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>						
Derivative financial instruments	15	-	-	-	21,933	21,933
Investments		4,832	-	3,857	-	3,857
<b>Total financial assets</b>		<b>4,832</b>	<b>-</b>	<b>3,857</b>	<b>21,933</b>	<b>25,790</b>
<b>Financial liabilities</b>						
Derivative financial instruments	15	-	217,194	-	14,283	14,283
<b>Total financial liabilities</b>		<b>-</b>	<b>217,194</b>	<b>-</b>	<b>14,283</b>	<b>14,283</b>

### Valuation techniques with significant non-observable inputs (Level 3)

The fair values of Corrections' financial assets and liabilities classified in level 3 (being the interest rate swaps with New Zealand Debt Management Office) are calculated using valuation techniques based on significant inputs that are not based on observable market data.

Market inputs used for these swaps are NZD-swap and ICAP Australia as a pricing source for the 1-20 year portion of the NZD-swap curve. However, as there is no market data beyond 20 years for NZD-swap point, the valuation technique uses smooth continuous extrapolation techniques out to 50 years.

The table below provides a reconciliation from the opening balance to the closing balance for fair value measurements in level 3:

2021		Note	2022
Actual			Actual
\$000			\$000
414,652	Balance at 1 July	15	217,194
(197,458)	Gain recognised in surplus or deficit		(224,844)
217,194	Balance at 30 June	15	(7,650)



## **Financial instrument risk**

### **Market risk**

#### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Corrections is exposed to other price risk on its investments that are held to facilitate some of its farming supply arrangements, principally with Fonterra. These investments are held in support of continuing business operations and not for trading purposes, and the shareholdings are not a significant proportion of total financial assets. Therefore, while Corrections is fully exposed to short-term fluctuations in the fair value of its investments, the resulting gains or losses are unrealised and are expected to be immaterial in aggregate across the long-term investment holding duration.

#### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Corrections engages in few overseas transactions and has no foreign currency denominated assets or liabilities at balance date (2021: Nil). Therefore, Corrections has a negligible exposure to currency risk.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Corrections' other financial liabilities mainly relate to its service concession arrangements which are interest bearing.

For the arrangement with Next Step Partners LP the effective interest rate is fixed at 5.90% until 26 August 2022, and the interest rate becomes floating thereafter. Corrections has entered into two interest rate swaps with New Zealand Debt Management Office (NZDMO) to mitigate its interest rate risk exposure. The interest rate on the swaps is fixed at 4.78% and 2.60%.

For the arrangement with SecureFuture Wiri Limited, the effective interest rate was fixed at 8.79% until 12 August 2019, and the interest rate became floating thereafter. Corrections has entered into an interest rate swap with NZDMO to mitigate its interest rate risk exposure. The interest rate on the swap is fixed at 3.78%.

For the arrangement with Cornerstone Infrastructure Partners LP, the effective interest rate is fixed at 6.15% until 25 August 2023, the interest rate becomes floating thereafter. Corrections has entered into an interest rate swap with NZDMO to mitigate its interest rate risk exposure. The interest rate on the swap is fixed at 3.91%.

Corrections has obtained Ministerial approval for borrowing in relation to its service concession arrangements and to enter into its interest rate swaps derivatives with the NZDMO.



## NOTE 20: FINANCIAL INSTRUMENTS (continued)

### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had interest rates been 1% higher or lower than the year-end market rate, with all other variables remaining constant.

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the financial liability at balance date.

2021		2022	2022
Impact on net surplus/ (deficit)		Change in interest rate (basis points)	Impact on net surplus/ (deficit)
\$000			\$000
136,397	Interest rate swap derivatives	+100	105,809
(153,708)	Interest rate swap derivatives	-100	(117,833)

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the normal course of business, Corrections is exposed to credit risk from trade debtors, transactions with financial institutions and the NZDMO.

Corrections is only permitted to deposit funds with Westpac New Zealand Limited, or with the NZDMO, as these entities have high credit ratings. For other financial instruments, Corrections does not have significant concentrations of credit risk.

Corrections' maximum credit risk exposure for each class of financial instrument is represented by the total carrying amount presented in the Statement of Financial Position.

There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

2021		2022
Actual	Note	Actual
\$000		\$000
<b>Cash and cash equivalents</b>		
67,649	AA-	66,164
<b>67,649</b>	<b>Total cash and cash equivalents</b>	<b>66,164</b>
<b>Debtors and other receivables</b>		
462,447	AAA	629,278
5,714	Counterparties without credit ratings	6,253
<b>468,161</b>	<b>Total debtors and other receivables</b>	<b>635,531</b>
<b>Investments</b>		
4,832	A-	3,857
<b>4,832</b>	<b>Total investments</b>	<b>3,857</b>

## Debtors and other receivables

Debtors and other receivables are mainly comprised of Debtor Crown and NZDMO (both Standard and Poor's credit rating of AAA), receivables from external parties and other government entities. For its receivables from external parties and other government entities, Corrections does not have significant concentrations of credit risk.

## Liquidity risk

Liquidity risk is the risk that Corrections will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Corrections closely monitors its forecast cash requirements with expected cash drawdowns from the NZDMO. Corrections maintains a target level of available cash to meet liquidity requirements.

## Contractual maturity analysis of financial liabilities

The table below shows Corrections' financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts below are contractual cash flows that will sometimes differ from the carrying amounts of the relevant liability in the undiscounted statement of financial position.

As the interest rate fluctuates, Corrections' interest rate swap derivatives may sometimes become financial assets and would not be included in the table below (Note 15).

	Note	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	5-10 years \$000	More than 10 years \$000	Total \$000
<b>As at 30 June 2021 (restated)<sup>60</sup></b>							
Creditors and other payables	11	111,800	-	-	-	-	111,800
Service Concession arrangements	15	67,619	118,345	387,838	624,819	1,611,948	2,810,569
Derivative financial instruments	15	8,625	13,566	76,447	81,130	67,833	247,601
<b>Total financial liabilities</b>	<b>-</b>	<b>188,044</b>	<b>131,911</b>	<b>464,285</b>	<b>705,949</b>	<b>1,679,781</b>	<b>3,169,970</b>

	Note	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	5-10 years \$000	More than 10 years \$000	Total \$000
<b>As at 30 June 2022</b>							
Creditors and other payables	11	131,886	-	-	-	-	131,886
Service Concession arrangements	15	118,344	126,588	387,464	622,991	1,487,562	2,742,949
Derivative financial instruments	15	1,390	1,258	4,922	5,612	5,402	18,584
<b>Total financial liabilities</b>	<b>-</b>	<b>251,620</b>	<b>127,846</b>	<b>392,386</b>	<b>628,603</b>	<b>1,492,964</b>	<b>2,893,419</b>

60. The restatement relates to an update of the figures which were incorrectly disclosed on a discounted cash flow basis in prior year for the service concession arrangements (public private partnerships) liability and derivatives liabilities. The amounts are now disclosed on an undiscounted basis. Further, the derivatives financial instruments were now shown separately in this table in the prior year's financial statements.

## NOTE 21: CAPITAL MANAGEMENT

Corrections' capital is its taxpayers' funds, which comprise general funds and revaluation reserves. Taxpayers' funds are represented by net assets.

In accordance with the *Public Finance Act 1989* (PFA) Corrections manages its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the New Zealand public.

Corrections has in place asset management plans for major classes of assets detailing renewal and maintenance programmes.

The PFA requires Corrections to make adequate and effective provision in its long-term capital expenditure plans and act in accordance with financial delegations from Cabinet to the Chief Executive through the responsible Minister. The PFA also requires that Corrections complies with the requirements of the *Public Service Act 2020*, Treasury Instructions and any other legislation governing its operations, when incurring any capital expenditure.

The objective of managing taxpayers' funds is to ensure Corrections effectively achieves the goals and objectives for which it was established, while remaining a going concern.

## NOTE 22: EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variances from Corrections' budget are as follows:

### Statement of Comprehensive Revenue and Expense

Revenue from the Crown was higher than budget by \$76.6 million mainly due to increase in funding for Corrections wage pressures, capital charge to reflect revaluation of assets and interest risk on liabilities, Software-as-a-Service change in accounting policy and various other initiatives.

Other revenue was higher than budget by \$9.5 million mostly due to insurance proceeds received from the Waikeria incident and recognition of the Auckland South Corrections Facility PPP gain on refinancing of \$7.4 million.

Personnel costs were higher than budget by \$15.0 million mainly due to the Collective Employment Agreement wage cost pressures and higher annual leave provision impacted by COVID-19.

Operating costs were lower than budget by \$2.6 million mainly due to the decrease in the provision for Waikeria 'top jail' demolition cost and recognition of the Waikeria Claim provision.

Depreciation was higher than budget by \$10.1 million mainly due to the completion and capitalisation of the major capital projects and revaluation of assets in the prior year, offset by a reduction in depreciation for SaaS assets written off.

The capital charge was higher than budget by \$33.4 million due to the unrealised gain in fair value of derivative financial instruments and the revaluation of land and buildings in the prior year.

Finance costs were lower than budget by \$19 million mainly due to the delay in completion of the Waikeria Public Private Partnership.

The unrealised gain in fair value of derivative financial instruments of \$224.8 million was not budgeted and was due to an increase, as at balance sheet date, of forward interest rates across the interest rate swaps' maturity profiles. Further information on Corrections derivative financial instruments is contained in Notes 15 and 20.

## Statement of Financial Position

Cash and cash equivalents were higher than budget by \$16.2 million due to the timing of vendor payments and cash drawdowns.

Prepayments were higher than budget by \$5.0 million largely due to the prepayment to Cornerstone Infrastructure Partners LP was not utilised, due to delays in completion of the Waikeria PPP impacted by COVID-19.

Debtors and other receivables were higher than budget by \$240.1 million mainly due to an increase in Debtor Crown, reflecting an increase in Crown revenue and lower than expected cash drawdowns.

Property, plant, and equipment was \$396.6 million higher than budget mainly due the completion and capitalisation of major capital projects, namely Prison Modular Build project and the National Office refurbishment project.

Intangible assets were \$97.2 million lower than budget mainly due to delays in development of internally generated software and the write off of SaaS projects arising from the change in accounting policy.

Creditors and other payables were higher than budget by \$21.1 million mainly due to the delay in payments impacted by SAP system upgrade and the changes to the creditor payments process.

Employee entitlements were higher than budget by \$52.9 million mainly due to year-end accruals impacted by increased personnel and higher rates of remuneration as well as increased levels of annual leave due to employees owing to the impact of COVID-19.

Other financial liabilities as disclosed in Note 15 were lower than budget by \$399.0 million. This relates to Corrections' service concession arrangement liabilities and the interest rate swap derivatives entered into with the NZDMO. The decrease is mainly due to delays in construction of the new facility at Waikeria Prison under a PPP arrangement and unrealised fair value gains on the interest rate swap derivatives.

General funds were higher than budget by \$309.8 million. This was mainly due to unrealised fair value movements on the interest rate swap derivatives and higher capital injections from the Crown offset by Software-as-a-Service adjustment due to a change in accounting policy.

Reserves were higher than budget by \$504.9 million due to the recognition of revaluation gains on Corrections' land and building assets in the prior year.





### NOTE 23: CHANGE IN ACCOUNTING POLICY

As disclosed in the Statement of Accounting Policies, Corrections revised its accounting policy in relation to Software-as-a-Service arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. The change in policy is applied retrospectively only from the earliest comparative period presented.

Consequently, only comparative information as of 30 June 2021 is restated as follows:

Financial statement item	30-Jun-21 Actual \$000	Adjustment \$000	30-Jun-21 Restated \$000
<b>Statement of Comprehensive Revenue and Expense</b>			
Operating Costs	554,046	18,666	572,712
Depreciation and amortisation	227,590	(2,993)	224,597
Net surplus	214,256	(15,673)	198,583
<b>Statement of Changes in Taxpayers' Funds</b>			
Taxpayers' funds (opening balance)	2,656,101	(19,274)	2,636,827
Net surplus/(deficit)	214,256	(15,673)	198,583
Taxpayers' funds (closing balance)	3,415,587	(34,947)	3,380,640
<b>Statement of Financial Position</b>			
Intangible assets	76,751	(34,947)	41,804
General funds	1,711,048	(34,947)	1,676,101
<b>Statement of Cash Flows</b>			
Payment to suppliers	(535,570)	(18,666)	(554,236)
Net cash flows from operating activities	248,479	(18,666)	229,813
Purchase of intangible assets	(29,377)	18,666	(10,711)
Net cash flows from investing activities	(250,851)	18,666	(232,185)

### NOTE 24: POST BALANCE DATE EVENT

#### COVID-19

Corrections has considered the potential impact of COVID-19 on its financial statements and operations. The operations of Corrections were considered essential services and, as such, Corrections continued to operate throughout all alert levels with some adjustments of operating settings. This has limited the impact of COVID-19 on Corrections' financial statements and operations.

It is acknowledged that there is still uncertainty on the duration and impact of the COVID-19 pandemic, the impact on the New Zealand economy, and Corrections' construction projects. At the date of this report it is not possible to reliably estimate the impact on Corrections' operations and its financial position for future periods.

#### Waikeria Prison Development PPP Project

On August 2022, Corrections received a claim from the main contractor on the Waikeria Prison Development Public Private Partnership (PPP) project for compensation for time and productivity losses incurred due to the COVID-19 pandemic. Corrections has determined that part of the claims creates an adjusting post balance date event, and therefore adjustments have been made in the financial statements. Refer to Note 13 for details on the previous COVID-19 related settlements.

Corrections has also recognised an unquantified contingency liability as there are matters still to be resolved. Refer to the Statement of Contingent Liabilities and Contingent Assets for further details.

# ***PART C:***

## ***Non-departmental Statements and Schedules***

## Schedule of Non-departmental Expenses

FOR THE YEAR ENDED 30 JUNE 2022

2021		2022	2022	2022	2023
Actual		Actual	Budget	Supp. estimates	Forecast
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
<b>EXPENSES</b>					
14,488	Waikeria Corrections and Treatment Facility	215	1,000	1,000	-
2,420	GST input expense	44	150	150	-
<b>16,908</b>	<b>Total non-departmental operating expenses</b>	<b>259</b>	<b>1,150</b>	<b>1,150</b>	<b>-</b>

## Schedule of Non-departmental Assets

AS AT 30 JUNE 2022

2021		2022	2022	2022	2023
Actual	Note	Actual	Budget	Supp. estimates	Forecast
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
<b>Current assets</b>					
11,015	Cash and cash equivalents	3	5,647	6,816	11,015
<b>11,015</b>	<b>Total current assets</b>	<b>5,647</b>	<b>6,816</b>	<b>11,015</b>	<b>11,015</b>
<b>11,015</b>	<b>Total non-departmental assets</b>	<b>5,647</b>	<b>6,816</b>	<b>11,015</b>	<b>11,015</b>

## Schedule of Non-departmental Liabilities

AS AT 30 JUNE 2022

2021		2022	2022	2022	2023
Actual	Note	Actual	Budget	Supp. estimates	Forecast
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
<b>Current liabilities</b>					
86	Creditors and other payables	2	5	1,914	84
<b>86</b>	<b>Total current liabilities</b>	<b>5</b>	<b>1,914</b>	<b>84</b>	<b>84</b>
<b>86</b>	<b>Total non-departmental liabilities</b>	<b>5</b>	<b>1,914</b>	<b>84</b>	<b>84</b>

## ***Schedule of Non-Departmental Commitments***

**AS AT 30 JUNE 2022**

Corrections, on behalf of the Crown, has no non-departmental commitments as at 30 June 2022 (2021: Nil).

## ***Schedule of Non-Departmental Contingent Liabilities and Contingent Assets***

**AS AT 30 JUNE 2022**

### **Contingent liabilities**

Corrections, on behalf of the Crown, has no non-departmental contingent liabilities as at 30 June 2022 (2021: Nil).

### **Contingent assets**

Corrections, on behalf of the Crown, has no non-departmental contingent assets as at 30 June 2022 (2021: Nil).

## ***Notes to the Non-departmental Schedules***

**FOR THE YEAR ENDED 30 JUNE 2022**

### **NOTE 1: STATEMENT OF ACCOUNTING POLICIES**

#### ***Reporting entity***

These non-departmental schedules present financial information on public funds managed by Corrections on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government (FSG). For a full understanding of the Crown's financial position and results of its operations for the year, reference should be made to the FSG.

#### ***Basis of preparation***

The non-departmental schedules have been prepared in accordance with the accounting policies of the consolidated FSG, Treasury instructions and Treasury circulars.

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

The non-departmental statements and schedules are presented in New Zealand dollars (NZ dollar) and all values are rounded to the nearest thousand dollars (\$000).

#### **Standards and amendments issued that are not yet effective and have not been early adopted**

Standards and amendments that are not yet effective, and have not been early adopted, and that are relevant to these non-departmental schedules are:

##### ***PBE IPSAS 41 Financial Instruments***

*PBE IPSAS 41 Financial Instruments* replaces *PBE IFRS 9 Financial Instruments* and is effective for year ending 30 June 2023, with earlier adoption permitted. Corrections has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in *PBE IFRS 9*. Corrections does not intend to early adopt the standard for non-departmental Statements.



## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### Significant accounting policies

#### Goods and Services Tax (GST)

All items in the non-departmental schedules are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation into the FSG.

#### Budget figures

The 2022 budget figures are for the year ended 30 June 2022, which are consistent with the best estimate financial information submitted to the Treasury for the Budget Economic and Fiscal Update for the year ended 30 June 2022.

#### Cash and cash equivalents

Cash includes cash on hand, cash held in bank accounts and deposits with a maturity of no more than three months. Corrections, on behalf of the Crown, is required by the Treasury to maintain a positive balance in its bank accounts at all times. Corrections, on behalf of the Crown, and in relation to these non-departmental funds, maintains a single 'on demand' bank account with Westpac New Zealand Limited solely and no interest is payable to the Department.

#### Financial instruments

Corrections, on behalf of the Crown, is party to financial instruments as part of its normal operations. These financial instruments consist of cash and cash equivalents that are held in order to collect contractual cash flows and not for trading purposes, and creditors and other payables.

All financial instruments are recognised in the schedule of non-departmental assets and the schedule of non-departmental liabilities, initially at their fair value plus any transaction costs and subsequently at amortised cost. All revenue and expenses in relation to financial instruments are recognised in the schedule of non-departmental expenses.

#### Financial assets impairment

Corrections, on behalf of the Crown, recognises a loss allowance for expected credit losses when it considers that the credit risk on a financial asset has increased significantly since initial recognition.

## NOTE 2: CREDITORS AND OTHER PAYABLES

2021 Actual \$000	2022 Actual \$000
<b>Exchange Transactions</b>	
86 Accrued expenses	5
<b>86 Total creditors and other payables</b>	<b>5</b>



### NOTE 3: FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities in each of the financial instrument categories are as follows:

2021 Actual \$000		2022 Actual \$000
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at amortised cost</b>		
11,015	Cash and cash equivalents	5,647
<b>11,015</b>	<b>Total financial assets</b>	<b>5,647</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
86	Creditors and other payables	5
<b>86</b>	<b>Total financial liabilities</b>	<b>5</b>

#### ***Fair value***

The fair value of financial assets and liabilities is equivalent to the carrying amount disclosed in the schedule of non-departmental assets and the schedule of non-departmental liabilities.

#### ***Market risk***

##### **Other price, currency and interest rate risks**

Corrections, on behalf of the Crown, has no exposure to interest rate risk, other price risk or currency risk on its financial instruments, as there were no foreign currency balances at balance date and Corrections, on behalf of the Crown, does not hold any interest bearing financial instruments or financial instruments subject to other price risk.

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In relation to these funds managed by Corrections on behalf of the Crown, credit risk arises solely on the cash and cash equivalents balance deposited with banks.

It is a requirement of the Crown that funds must be deposited with Westpac New Zealand Limited (Westpac Bank), a registered bank in New Zealand.

The maximum credit exposure for the cash and cash equivalents class of financial instruments is represented by the total carrying amount. There is no collateral held as security against these financial instruments. All credit risk exposure is to Westpac Bank.

##### **Credit quality of financial assets**

Westpac Bank has an AA- Standard and Poor's credit rating (2021: AA- Standard and Poor's) and, as a registered bank in New Zealand, is also subject to the Reserve Bank of New Zealand prudential oversight and regulatory reporting regime. It is therefore considered low risk for the purposes of assessing expected credit losses and accordingly, no loss allowance has been provided for on cash and cash equivalents balances.

Standard and Poor's credit ratings against cash and cash equivalents carrying amounts are as follows:

2021 Actual \$000		2022 Actual \$000
	<b>Cash and cash equivalents</b>	
<b>11,015</b>	<b>AA-</b>	<b>5,647</b>



## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

### **Liquidity risk**

Liquidity risk is the risk that Corrections, on behalf of the Crown, will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Corrections, on behalf of the Crown, closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. Corrections, on behalf of the Crown, maintains a target level of available cash to meet liquidity requirements.

### **Contractual maturity analysis of financial liabilities**

The table below shows Corrections' non-departmental financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2021 Actual \$000	Note	2022 Actual \$000
<b>Creditors and other payables</b>		
86 Less than six months	2	5
<b>86 Total contractual cash flows</b>		<b>5</b>

## NOTE 4: EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for major variances from Corrections non-departmental budget figures are as follows:

### **Schedule of non-departmental expenses**

Waikeria Corrections and Treatment Facility expenses were lower than budget by \$0.785 million due to the delay in completion of roading works impacted by the delay in construction of the Public Private Partnership project.

### **Schedule of non-departmental assets and liabilities**

Creditors and other payables were lower than budget by \$1.9 million due to the delay in completion of roading works.

## Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations

FOR THE YEAR ENDED 30 JUNE 2022

2021 Expenditure after remeasure- ments (restated) <sup>61</sup> \$000	2022 Expenditure before remeasure- ments \$000	2022 Remeasure- ments \$000	2022 Expenditure after remeasure- ments \$000	2022 Supp. estimates (unaudited) \$000	2023 Forecast (unaudited) \$000
<b>VOTE: CORRECTIONS</b>					
<b>Departmental output expenditure</b>					
1,151,403	920,941	228,376	1,149,317	1,211,826	1,282,200
278,897	295,986	-	295,986	282,019	287,930
93,164	91,672	-	91,672	81,852	88,804
<b>1,523,464</b>	<b>1,308,599</b>	<b>228,376</b>	<b>1,536,975</b>	<b>1,575,697</b>	<b>1,658,934</b>
<b>297,270</b>	<b>322,820</b>	<b>(591)</b>	<b>322,229</b>	<b>353,066</b>	<b>387,095</b>
2,817	3,015	-	3,015	4,506	3,756
2,472	3,339	-	3,339	2,305	2,305
<b>5,289</b>	<b>6,354</b>	<b>-</b>	<b>6,354</b>	<b>6,811</b>	<b>6,061</b>
<b>1,826,023</b>	<b>1,637,773</b>	<b>227,785</b>	<b>1,865,558</b>	<b>1,935,574</b>	<b>2,052,090</b>
<b>Departmental other expenditure</b>					
-	-	-	-	6,200	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,200</b>	<b>-</b>
<b>Department capital expenditure</b>					
484,750	315,055	-	315,055	436,428	405,077
<b>484,750</b>	<b>315,055</b>	<b>-</b>	<b>315,055</b>	<b>436,428</b>	<b>405,077</b>
<b>Non-departmental other expenses</b>					
14,488	215	-	215	1,000	-
<b>14,488</b>	<b>215</b>	<b>-</b>	<b>215</b>	<b>1,000</b>	<b>-</b>

Refer to Part B: Statement of Performance for detailed performance against each category (pages 101 – 118).

61. The restatement related to a change to the accounting policy on Software-as-a-Service (SaaS) arrangements. Please refer to Note 23 for more details.

**Changes in appropriation structure**

A new departmental other expenditure Transfer of Three Water was established in October 2021. There are no other changes to appropriation structure in 2022.

**Statement of Capital Injections**

FOR THE YEAR ENDED 30 JUNE 2022

2021 Actual \$000		2022 Actual \$000	2022 Budget (unaudited) \$000	2022 Supp. estimates (unaudited) \$000	2023 Budget (unaudited) \$000
<b>VOTE: CORRECTIONS</b>					
54,363	Capital injections	72,477	69,495	72,477	103,475

**Statement of Capital Injections Without, or in Excess of, Authority**

FOR THE YEAR ENDED 30 JUNE 2022

Corrections has not received any capital injections during the year without, or in excess of, authority (2021: Nil).

**Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Authority**

FOR THE YEAR ENDED 30 JUNE 2022

Corrections has no expenses and capital expenditure incurred without appropriation or other authority or in excess of an existing appropriation or other authority, in relation to our activities (2021: Nil).

***PART D:***  
*Appendices*





## Appendix One: Summary of sentences and orders we administer

This summary provides key information about each of the core sentences and orders administered by Corrections in 2021/22.

The cost of each sentence and order is provided as a 'per-person, per-day' figure. These costs include overhead costs and revenue (excluding revenue from the Crown) where applicable.<sup>62</sup>

<b>People on prison sentences</b>	Average cost <sup>63</sup> of <b>\$531</b> [2020/21: \$456]	People serving a prison sentence have been convicted of a crime and sentenced to a term of imprisonment. Costs include programmes and services provided in prison.	
		Average volume: <b>4,851 people</b> [2020/21: 5,622]	Average length of sentence imposed: <b>585 days</b> [2020/21: 564]
<b>People on remand</b>	Average cost of <b>\$408</b> [2020/21: \$346]	People on remand are held in prison while they await the progression of their court case. This means that these people have either not been convicted, or have been, but are awaiting their sentencing.	
		Average volume: <b>2,964 people</b> [2020/21: 3,171]	Average length of remand periods: <b>78 days</b> [2020/21: 76]
<b>Extended supervision</b>	Average cost of <b>\$131</b> [2020/21: \$129]	Extended supervision orders enable us to monitor serious adult sex offenders, child sex offenders, and violent offenders for up to 10 years after the end of a prison sentence.	
		Average volume: <b>210</b> [2020/21: 213]	Average length of order: <b>1,692 days</b> [2020/21: 2,201]
<b>Home detention</b>	Average cost of <b>\$109</b> [2020/21: \$85]	People serving home detention sentences must always remain at an approved residence. These people are monitored electronically and remain under the close supervision of a probation officer.	
		Average volume: <b>1,482</b> [2020/21: 1,654]	Average length of sentence: <b>210 days</b> [2020/21: 209]
<b>Returning offenders orders</b>	Average cost of <b>\$59</b> [2020/21: \$60]	Certain people who have returned to Aotearoa New Zealand after serving a sentence of imprisonment overseas are monitored by Corrections.	
		Average volume: <b>216</b> [2020/21: 231]	Average length of order: <b>420 days</b> [2020/21: 362]

62. Policy advice and ministerial costs, electronically monitored bail costs, and pre-sentence costs are excluded as they cannot be attributed to a particular sentence or order.

63. Over the past year the average number of people on prison sentences has decreased by 14 percent. This means that the cost of operating the prison network is spread across fewer people resulting in a higher average cost. A large portion of our costs are fixed costs, such as depreciation and amortisation, that are unaffected by a reducing prison population.

<b>Community detention</b>	Average cost of <b>\$58</b> [2020/21: \$37]	People serving community detention sentences are subject to electronically monitored curfews imposed by the court.	
		Average volume: <b>1,344</b> [2020/21: 1,693]	Average length of sentence: <b>121 days</b> [2020/21: 123]
<b>Parole</b>	Average cost of <b>\$43</b> [2020/21: \$40]	People who have been released from prison on parole remain under the close supervision of a probation officer. They may also be electronically monitored, and are subject to any other conditions imposed by the New Zealand Parole Board.	
		Average volume: <b>2,545</b> [2020/21: 2,513]	Average length of order: <b>461 days</b> [2020/21: 459]
<b>Intensive supervision</b>	Average cost of <b>\$34</b> [2020/21: \$28]	Intensive supervision is a rehabilitative, community-based sentence with close oversight from a probation officer.	
		Average volume: <b>4,675</b> [2020/21: 5,028]	Average length of sentence: <b>445 days</b> [2020/21: 434]
<b>Released on conditions</b>	Average cost of <b>\$33</b> [2020/21: \$33]	People who are serving a prison sentence of two years or less are released on conditions after serving half of their imposed term.	
		Average volume: <b>2,223</b> [2020/21: 2,809]	Average length of order: <b>345 days</b> [2020/21: 348]
<b>Post-detention conditions</b>	Average cost of <b>\$26</b> [2020/21: \$18]	People who have completed a sentence of home detention are overseen by a probation officer. Conditions can include completing community work and abiding by curfews.	
		Average volume: <b>1,322</b> [2020/21: 1,294]	Average length of order: <b>208 days</b> [2020/21: 204]
<b>Supervision</b>	Average cost of <b>\$25</b> [2020/21: \$22]	Supervision is a rehabilitative, community-based sentence with oversight from a probation officer.	
		Average volume: <b>6,649</b> [2020/21: 7,638]	Average length of sentence: <b>286 days</b> [2020/21: 278]
<b>Community work</b>	Average cost of <b>\$13</b> [2020/21: \$13]	People serving community work sentences complete unpaid work in the community as a way of making reparations for the harm of their offending.	
		Average volume: <b>11,056</b> [2020/21: 11,299]	Average length of sentence for community work cannot be easily calculated due to the complex nature of sentencing.

## ***Appendix Two: Recidivism Index***

The Recidivism Index (RI) is the percentage of people in our management in any given cohort who are re-convicted within a given period of time (the follow-up period), and who receive either a prison sentence (re-imprisonment) or any Corrections-administered sentence (re-sentencing).

RI rates relate to recent cohorts of people released from prison, or who started a community sentence, during a full 12-month period ending 15 months ago. While each individual has a 12- and 24-month long follow-up period set, during which any new offences are counted, three additional months are allowed after the follow-up period for capture of conviction and sentencing for new offences to be recorded by the courts.

Due to changes made to how the RI is calculated in 2019/2020, these figures are only comparable to the last two years. A set of consistent time-series figures reflecting the new method, and compared with the older method, are available on Corrections website:

[https://www.corrections.govt.nz/resources/strategic\\_reports/annual-reports](https://www.corrections.govt.nz/resources/strategic_reports/annual-reports)

RECIDIVISM INDEX – 12-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2020/21

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
<b>All (2020/21)</b>	<b>All</b>	<b>22.0</b>	<b>35.8</b>	<b>4.9</b>	<b>18.2</b>
<b>Gender</b>	Female	15.6	32.7	2.3	15.1
	Male	22.7	36.1	5.5	19.0
<b>Ethnicity</b>	Māori	24.8	39.3	7.2	23.0
	European	19.4	33.2	4.2	17.9
	Pacific peoples	17.4	28.1	4.1	13.7
	Other	9.7	16.8	2.3	11.8
<b>Age (at the time the follow-up period began)</b>	Under 20 years	29.6	54.3	4.8	25.3
	20-24 years	26.5	44.7	4.3	20.4
	25-29 years	26.5	43.3	5.5	20.5
	30-39 years	23.4	36.8	5.7	19.4
	40 years and over	15.2	25.3	3.7	13.1
<b>Gang status</b>	Gang affiliated	29.2	44.6	14.3	31.9
	Not gang affiliated	17.8	30.6	3.5	16.2
<b>Offence (most serious offence for original sentence; ANZSOC system)<sup>64</sup></b>	Abduction, harassment	19.2	31.7	5.4	20.0
	Acts intended to cause injury	20.4	33.5	4.0	15.5
	Dangerous or negligent acts	20.0	38.6	2.3	15.8
	Fraud, deception	17.7	31.8	5.5	18.7
	Homicide	7.5	9.4	0.0	0.0
	Illicit drug offences	7.7	17.1	3.6	12.8
	Miscellaneous offences	14.3	14.3	4.1	16.2
	Offences against justice	30.6	45.1	7.2	20.9
	Prohibited and regulated weapons	23.8	41.4	5.6	19.2
	Property damage	31.8	43.9	8.5	26.9
	Public order	33.3	38.3	6.8	22.0
	Robbery, extortion	15.1	24.7	2.9	13.4
	Sexual assault	6.0	8.9	1.3	4.9
	Theft	30.3	52.9	9.4	30.4
	Traffic	24.3	43.9	2.2	14.9
	Unlawful entry with intent/burglary	27.8	44.9	8.4	23.3
<b>Community sentence</b>	Community work	-	-	4.4	18.7
	Supervision	-	-	3.3	17.0
	Intensive supervision	-	-	8.2	21.9
	Community detention	-	-	2.9	14.5
	Home detention	-	-	7.0	15.6
	Returning offender order	-	-	1.7	6.3

64. Australian and New Zealand Society of Criminology.

RECIDIVISM INDEX – 12-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2020/21

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
<b>Prisoner security classification (at release)</b>	Maximum	33.3	50.0	-	-
	High	32.2	51.9	-	-
	Low medium	27.7	43.8	-	-
	Low	19.5	32.3	-	-
	Minimum	7.5	14.5	-	-
<b>Release type</b>	Parole	9.0	15.6	-	-
	Post-release conditions	26.5	44.1	-	-
<b>Sentence length</b>	6 months or less	31.7	48.8	4.6	16.6
	>6 months to 1 year	29.3	46.5	4.6	17.0
	>1 to 2 years	22.4	38.8	8.3	23.8
	>2 to 3 years	10.7	20.6	-	-
	>3 to 5 years	9.4	15.2	-	-
	More than 5 years	6.4	9.5	-	-

**RECIDIVISM INDEX – 24-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2019/20**

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
<b>All (2019/20)</b>	<b>All</b>	<b>35.8</b>	<b>56.5</b>	<b>9.4</b>	<b>34.7</b>
<b>Gender</b>	Female	20.3	45.1	5.0	28.9
	Male	37.4	57.7	10.6	36.3
<b>Ethnicity</b>	Māori	41.0	62.4	13.0	41.5
	European	30.2	50.9	8.9	35.3
	Pacific peoples	28.3	48.1	7.1	30.1
	Other	22.2	32.3	7.1	24.2
<b>Age (at the time the follow-up period began)</b>	Under 20 years	43.8	75.2	9.0	41.8
	20-24 years	40.5	64.2	8.8	39.4
	25-29 years	42.7	65.5	10.6	39.9
	30-39 years	38.9	60.7	11.6	37.0
	40 years and over	24.6	40.4	6.7	24.7
<b>Gang status</b>	Gang affiliated	47.1	69.8	25.7	57.7
	Not gang affiliated	30.1	49.8	7.4	31.9
<b>Offence (most serious offence for original sentence; ANZSOC system)</b>	Abduction, harassment	37.9	59.7	10.3	35.6
	Acts intended to cause injury	36.8	57.6	8.2	30.8
	Dangerous or negligent acts	31.7	53.7	5.5	28.5
	Fraud, deception	30.0	53.2	8.4	32.8
	Homicide	11.8	19.7	2.1	8.5
	Illicit drug offences	19.4	32.8	9.1	31.3
	Miscellaneous offences	0.0	16.7	5.6	12.4
	Offences against justice	46.3	69.2	12.7	39.2
	Prohibited and regulated weapons	45.9	70.7	14.0	44.3
	Property damage	40.7	55.6	10.7	44.5
	Public order	35.0	51.3	14.6	41.2
	Robbery, extortion	26.9	48.7	9.9	35.0
	Sexual assault	9.6	17.6	1.3	7.9
	Theft	50.0	76.2	18.1	52.4
	Traffic	33.6	57.0	4.3	27.9
	Unlawful entry with intent/burglary	42.4	66.4	16.7	48.2
<b>Community sentence</b>	Community work	-	-	8.5	35.0
	Supervision	-	-	6.9	31.7
	Intensive supervision	-	-	17.0	44.0
	Community detention	-	-	6.4	30.0
	Home detention	-	-	11.0	31.6
	Returning offender order	-	-	6.9	21.4



RECIDIVISM INDEX – 24-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2019/20

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
<b>Prisoner security classification (at release)</b>	Maximum	72.0	92.0	-	-
	High	53.2	75.4	-	-
	Low medium	42.1	65.2	-	-
	Low	33.7	57.4	-	-
	Minimum	15.1	29.4	-	-
<b>Release type</b>	Parole	19.1	33.0	-	-
	Post-release conditions	43.5	67.6	-	-
<b>Sentence length</b>	6 months or less	48.0	69.7	7.7	31.5
	>6 months to 1 year	41.8	68.1	9.1	33.5
	>1 to 2 years	40.7	64.4	18.7	45.4
	>2 to 3 years	21.5	41.1	-	-
	>3 to 5 years	22.0	35.4	-	-
	More than 5 years	13.0	19.9	-	-

## Appendix Three: Rehabilitation Quotient

Corrections offers a wide range of interventions aimed at achieving our strategic goals of reducing re-offending, improving public safety, and reducing Māori over-representation. We also offer people interventions that contribute to wider government goals to improve the wellbeing of all New Zealanders, such as interventions to improve educational, employment, housing, and health and cultural outcomes. People often access multiple types of intervention over the course of their sentence.

Corrections uses a range of methods to assess intervention effectiveness, including evaluations, ongoing quality assurance and monitoring processes, and the Rehabilitation Quotient. Corrections takes all forms of assessment into account when routinely reviewing and enhancing interventions.

### **The Rehabilitation Quotient (RQ)**

Corrections uses the Rehabilitation Quotient (RQ) to measure the impact that our interventions have on re-offending. Re-offending is measured in terms of re-imprisonment rates and rates of re-sentencing to a Corrections' managed sentence. The RQ compares the re-imprisonment and re-sentencing rates of people who have participated in an intervention, with the re-offending rates of similar people (matched through a range of factors) who have not participated in either that specific intervention or a similar type of intervention.

The RQ is one of several measures of re-offending we use. Desistance research has consistently shown that people rarely stop offending immediately. Typically, people who desist from crime reveal a gradual decline in offending, including a reduction in the seriousness and increase in the time elapsed between offences over time. It is therefore useful to consider a combination of re-offending measures when assessing programme effectiveness. The RQ does not measure changes in the seriousness of offending, nor does it measure how long people went without re-offending after being released from prison or completing an intervention in the community.

This year a range of improvements have been made to the RQ method, including using additional information to accurately match participants to the control group, using three years' worth of intervention data to strengthen reliability, improving the quality of the base data used, and undertaking additional statistical processes to improve the accuracy of the results. This means that results for 2022 are not compatible with those published in previous annual reports.

The re-imprisonment and re-sentencing rates used to calculate the RQ are measured over a 12-month follow-up period. When measuring the impact of prison-based interventions, the follow-up period begins when a participant is released from prison. For community-based interventions, the follow-up period begins when the participant has completed the intervention.

After the 12-month follow-up period ends, Corrections waits three months before preparing the RQ results. This allows more time for any re-offending that occurred during the follow-up period to progress through the courts. Only after this period ends can we calculate the re-imprisonment and re-sentencing rates of intervention participants and compare them with non-participants.

The scores assigned to each intervention represent percentage point reductions in re-imprisonment or re-sentencing. For example, if the re-sentencing rate of a specific intervention's participants was 30 percent and the equivalent rate for non-participants was 35 percent, the RQ would be -5.0 percent. A negative score means the intervention successfully reduced the rate at which participants were re-sentenced for new offences during the follow-up period compared to non-participants.

Scores which have been shaded indicate that the difference in recidivism outcomes between intervention participants and non-participants was statistically significant at the 95 percent level (darker shading) and 90 percent level (lighter shading). Results which do not reach statistical significance are more likely to be the result of chance. Caution should be exercised when using these results in isolation from other sources of information on intervention effectiveness.

For historical results, please see Corrections' previous Annual Reports:

[https://www.corrections.govt.nz/resources/strategic\\_reports/annual-reports](https://www.corrections.govt.nz/resources/strategic_reports/annual-reports)

## **2021/22 Overall Results**

Overall, most of the interventions evaluated for the 2021/22 RQ recorded reductions in re-imprisonment and re-sentencing rates. A reasonable number of results reached the level of statistical significance, particularly in relation to community programmes. Despite not achieving statistical significance, most other programmes also revealed reductions in re-sentencing and re-imprisonment. Such results provide some confidence that rehabilitation programmes are having positive impacts on participants, with people who had completed interventions exhibiting lower levels of re-sentencing and/or re-imprisonment compared to those who had not undertaken interventions.

The 2021/22 RQ measures the impact of interventions that were completed in the three years prior to 31 March 2021. The follow-up period extends to 31 March 2022. It is important to note that both the delivery timeframe and the follow-up period include years in which COVID-19 lockdowns were in place. The results do not reflect more recent improvements in intervention design and delivery made since March 2021.

### ***Prison interventions***

Good results were observable across most prison-based offence-focused interventions. As has been the case for the last nine years, the Special Treatment Unit – Violent Offending programme continues to generate the strongest effect sizes. This year's results indicate that re-sentencing was reduced by 11.1 percent while re-imprisonment rates were reduced by 8.6 percent.

The Medium Intensity Rehabilitation Programme also achieved significant results, with re-sentencing rates reduced by 7.5 percent, and re-imprisonment by 4.2 percent.

### ***Community interventions***

Community-focused programmes also reported positive results, with most showing significant results. The Women's Short Rehabilitation Programme achieved the best result, with re-sentencing reduced by 5.4 percent and imprisonment by 1.8 percent. The Men's Short Rehabilitation Programme reduced re-sentencing by 2.0 percent, and imprisonment by 3.1 percent. The non-violence programme for men achieved significant reductions in both re-sentencing (2.7 percent) and imprisonment (1.4 percent).

## Prison-based interventions

Interventions	Re-imprisonment	Re-sentenced
<b>Mental Health and Addiction Programmes</b>		
Drug Treatment Programme (6-month programme)	-0.3	-2.0
Drug Treatment Programme (12-month programme)	-0.4	-4.3
<b>Psychology Programmes</b>		
Special Treatment Unit - Violent Offending	-8.6	-11.1
<b>Rehabilitation Programmes</b>		
Medium Intensity Rehabilitation Programme	-4.2	-7.5
Mauri Tū Pae	1.0	-3.7
Short Motivational Programme	-1.5	-1.9
Short Rehabilitation Programme - Men	-2.3	-3.3

## Community-based interventions

Interventions	Re-imprisonment	Re-sentencing
<b>Rehabilitation Programmes</b>		
Non-Violence Programmes for Male Perpetrators of Family Violence	-1.4	-2.7
Non-Violence Programmes for Female Perpetrators of Family Violence	-0.8	-1.6
Short Rehabilitation Programme - Men	-3.1	-2.0
Short Rehabilitation Programme - Women	-1.8	-5.4

In the tables above, the darker shading indicates that the difference between the treated and untreated groups was statistically significant at the 95 percent level. The lighter shading indicates statistical significance at the 90 percent threshold, where a programme effect is considered highly likely to not have occurred because of chance.

RQ analysis for Kōwhiritanga and DTP3 Drug Treatment Programme (3-month programme) were also attempted. However, owing to small sample sizes the models were unable to be sufficiently balanced to enable the RQ analysis to be performed.

All programmes are calculated over three years.

The results have also been limited to the core rehabilitation programmes with sufficient volumes of participants to enable reliable statistical analysis.

## Appendix Four: Our strategies

We have a number of multi-year strategies guiding how we work to achieve our strategic outcomes of improving public safety and reducing re-offending.

The strategies below are those which were current throughout 2021/22.

<p><b><i>Hōkai Rangi 2019 – 2024</i></b></p>	<p>Hōkai Rangi is our overarching strategy that is guiding how we work and how we will work in the future. It will deliver greatly improved outcomes with, and for, Māori and prioritises authentic partnerships. Hōkai Rangi can be viewed online: <a href="https://www.corrections.govt.nz/resources/strategic_reports/corrections_strategic_plans/hokai_rangi">https://www.corrections.govt.nz/resources/strategic_reports/corrections_strategic_plans/hokai_rangi</a></p>
<p><b><i>Statement of Intent 2021 – 2022</i></b></p>	<p>Our Statement of Intent tells our story, outlining who we are and what we do, describes our current operating context, and explains how we will measure our success over the course of the strategy. A new Statement of Intent for 2022-2026 was published on 30 June 2022. Our Statements of Intent can be viewed online: <a href="https://www.corrections.govt.nz/resources/strategic_reports/statements-of-intent/">https://www.corrections.govt.nz/resources/strategic_reports/statements-of-intent/</a></p>
<p><b><i>Wāhine – E rere ana ki te pae hou 2021 – 2025</i></b></p>	<p>Wāhine – E rere ana ki te pae hou: Women’s Strategy is an oranga-focused framework for restoration and reclamation, and is Corrections’ overarching strategy for women. It contains the vision, goals, and areas of focus for the way we work with women. The women’s strategy can be viewed online: <a href="https://www.corrections.govt.nz/data/assets/pdf_file/0004/44644/Corrections_Wahine_-_E_rere_ana_ki_te_pae_hou_2021_-_2025.pdf">https://www.corrections.govt.nz/data/assets/pdf_file/0004/44644/Corrections_Wahine - E rere ana ki te pae hou 2021 - 2025.pdf</a></p>
<p><b><i>Our Alcohol and Other Drug Strategy 2021 – 2026</i></b></p>	<p>Our Alcohol and Other Drug Strategy, 2021–2026 sets out our plan for how we will support better outcomes for people in the community and prison who have problematic use of alcohol and other drugs. We will contribute to enhanced self-management, healthier lifestyle choices, and protective factors such as participation in Te Ao Māori that will benefit individuals, whānau, and communities. The Strategy can be viewed online: <a href="https://www.corrections.govt.nz/resources/strategic_reports/alcohol_and_other_drug_strategy_2021-2026">https://www.corrections.govt.nz/resources/strategic_reports/alcohol_and_other_drug_strategy_2021-2026</a></p>

## Appendix Five: Asset performance

We manage more than \$4.6 billion in assets, including prisons and Community Corrections sites, electronic security infrastructure, vehicles, machinery used in prison industries, and custom software applications. As a large and complex public service department, Corrections' assets range in condition from excellent to those approaching end-of-life.

Asset performance reporting is important because Corrections is considered a 'tier-1 investment-intensive agency' under the Treasury's Investor Confidence Rating<sup>65</sup> framework. We report on the performance of assets in the property and digital asset portfolios except our vehicle fleet, every year in our Annual Report.

### Performance measures and scores for 2021/2022

Property assets are critical to the safety and effectiveness of the corrections system. These assets must be flexible and responsive to changes in demand such as rapid fluctuations in the prison population. There is also a growing need to ensure we provide therapeutic environments delivering humanising and healing pathways for people in the corrections system.

Measure	Indicator	2021	2022	2022	2023
		Actual	Actual	Target	Target
Percentage of prison buildings with an excellent/good condition <sup>66</sup>	Condition	85%	81%	≥85%	≥85%
Percentage of Community Corrections site owned buildings with an excellent/good condition <sup>67</sup>	Condition	97%	94%	≥85%	≥85%
Percentage of prison buildings with a poor/very poor condition <sup>66</sup>	Condition	6%	8%	≤4%	≤4%
Percentage of Community Corrections site owned buildings with a poor/very poor condition <sup>67</sup>	Condition	1%	2%	≤4%	≤4%
Percentage of prison service utilisation of available capacity at 30 June	Utilisation	97%	99%	99%	99%
Number of reactive calls <sup>68</sup> , as a rate per prisoner	Functionality	4.76	6.73	≤3.97	≤4.4
Number of reactive calls <sup>68</sup> affecting normal operations, as a rate per prisoner	Functionality	1.62	2.96	≤0.98	≤1.08

For our property assessment criteria, see Corrections' 2018/19 Annual Report (page 183):

[https://www.corrections.govt.nz/resources/strategic\\_reports/annual-reports/annual\\_report\\_201819](https://www.corrections.govt.nz/resources/strategic_reports/annual-reports/annual_report_201819)

65. <https://www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/review-investment-reviews/investor-confidence-rating-icr>

66. Old Mt Eden Heritage Building and any uncompleted new builds (e.g. Waikeria new facility) are not included in this measure.

67. This measure accounts for our 33 owned community sites, as the remainder are leased.

68. Reactive calls require unscheduled maintenance works.



This year, we have started to report against two additional condition measures, following a recommendation from our Investor Confidence Rating Review.

The new measures reflect the percentage of Prison and Community Corrections Owned Portfolio assets with a poor/very poor condition rating. Over the last year, an extensive data improvement programme has been undertaken to improve confidence around the asset data, and provide a more up to date and accurate picture of the performance of the assets. The establishment of the targets and measures were created on the expectation that they will be reviewed in future years to determine if they remain appropriate and applicable. While the actuals reflect the set target is not currently being met, it should be noted that certain specific elements within the estate are aged and this is disproportionately affecting the overall performance.

The two new measures against condition refer to the percentage of prisons (a total of 18 prisons, including one Public Private Partnership, Auckland South Corrections Facility) and community buildings with a poor/very poor condition. However, the metrics of this measure relate specifically to the percentage of the quantity of asset components within the prison and community buildings and related infrastructure.

Prison service utilisation of available capacity sits at the 99 percent target for this year.

Prison functionality measures focused on reactive call-rates per prisoner have consistently shown under-performance over the years. This can partly be attributed to the nature of Corrections' operations and the number of incidents of intentional damage within our prison estate.

### **Digital assets performance measures**

Our digital assets connect our nearly 10,000 people across the country and enable us to manage those people in prison and on community-based sentences and orders every day.

Technology is more important than ever in forming and maintaining connections with others (for example, audio-visual links between people in prison and their whānau), and in safety (for example, people on community-based sentences and orders can be electronically monitored). As such, there is a growing need for infrastructure that supports the safe storage and transfer of large volumes of data.

Measure	Indicator	2021	2022	2022	2023
		Actual	Actual	Target	Target
Percentage of time our core services are available	Availability	99.99%	100%	>99.5%	>99.5%
Percentage of our digital assets with a condition rating of poor	Condition	20%	16%	21%	<20%
Number of online kiosks available within the prison environment for offender self-service	Utilisation	297	312	≥170	>275
Percentage of Community Corrections frontline staff accessing information through mobile technology	Utilisation	100%	100%	>75%	>90%
Percentage of our storage that is available/hosted within a public cloud	Functionality	22%	33%	30%	>35%

Technology is a key platform which enables the delivery of Hōkai Rangi outcomes, and is a vital part of transforming what we do and how we do it. This work also strongly aligns with our values:

- Whānau – forming and maintaining connections between people in prison and their whānau, and in enabling collaboration and connections across our kaimahi.
- Kaitiaki – supporting safety and security for our people, those we manage, and our digital assets and information.
- Rangatira (leadership) – enabling flexible working using laptops, smart phones, and collaboration tools such as Microsoft Teams.

Our digital capital investment programme is principally driven by new investment proposals, and upgrades to and replacements of existing digital assets.

In particular, 2021/22 has also seen an increased demand for digital services and increased remote collaboration. This has been managed through increased bandwidth to sites, and the implementation of the Network Modernisation Project to all sites. This has delivered improved bandwidth to most sites, including wi-fi to Community Corrections sites. This project will be completed in early 2022/23.

This year, we completed work in moving workloads to a hybrid (public/private) cloud platform. We make use of the Department of Internal Affairs' – Te Tari Taiwhenua All-of-Government cloud infrastructure at Revera, along with cloud infrastructure from Microsoft.

## ***Appendix Six: Child and Youth Wellbeing Strategy***

The Government launched its first Child and Youth Wellbeing Strategy on 29 August 2019. The Department of the Prime Minister and Cabinet led the development of the strategy with other agencies. The strategy outlines a shared understanding across Government about what is important to the wellbeing of children and young people, what we are doing to improve their wellbeing, and how others can help us in this journey. The strategy can be viewed online: <https://childyouthwellbeing.govt.nz/resources/child-and-youth-wellbeing-strategy>

As at 30 June 2022, we managed 751 young people (under 25 years old) in prison (2020/21: 768), and 3,362 (2020/21: 4,162) in the community. We have two specialist youth units for males in prison 20 years old and younger. We also have three Mothers with Babies Units, accommodating babies under the age of two, alongside their mothers in our women's prisons. As such, we are committed to the actions detailed in the strategy to improve child and youth wellbeing in Aotearoa New Zealand.

At Corrections, we have approximately 300 youth champions who help young people in the corrections system turn their lives around. This includes supporting youth to achieve their goals, by gaining employment skills and educational qualifications, completing rehabilitation programmes, and establishing healthy pro-social support networks in the community. Our youth champions also facilitate youth-specific opportunities such as participation in the Young Enterprise Scheme.

### ***Our progress so far***

We have designed a framework for the management and wellbeing of people under 25 years old in the corrections system. The framework is directly aligned to both the Child and Youth Wellbeing Strategy and Hōkai Rangi, and prioritises:

- > identity and belonging
- > continuity of care
- > access (including educational opportunities, rehabilitation programmes, and reintegration services)
- > reducing harmful influences and escalation
- > imprisonment as a last resort.

We continue to work with Oranga Tamariki to increase access to the Transition Support Service, which supports young people in the justice system and in statutory care to support their successful transition to adulthood.

As part of our commitment to children, young people, and families, we have an action in the Oranga Tamariki Action Plan (which delivers on the outcomes set out in the Child and Youth Wellbeing Strategy) to 'enhance local relationships between the womens' prisons and their local Oranga Tamariki sites to support better outcomes for mothers and babies in the Corrections' Mothers with Babies Units and feedings and bonding spaces. As part of this, we are building Oranga Tamariki knowledge of the Mothers with Babies Units, including potential site visits, and building relationships at regional levels with national support.

## **Appendix Seven: Legislation enacted in 2021/22**

### **Corrections Amendment Regulations (February 2022)**

The *Corrections Amendment Regulations 2022* amended the *Corrections Regulations 2005* to give effect to two policy decisions agreed to by Cabinet.

#### ***Mail copying***

Section 84 of the *Corrections Regulations 2005* was amended to allow the mail of people in prison to be copied so that certain mail monitoring functions can be carried out in accordance with the *Corrections Act 2004*. Copies are required to be destroyed when they are no longer required for the purpose they were copied for, or another legislated purpose.

#### ***Use of pepper spray***

Three amendments were made to improve the clarity and robustness of regulations relating to the use of pepper spray.

- > The permitted delivery mechanisms for pepper spray have been explicitly defined. Any introduction of new delivery mechanisms in the future will now require approval by the Minister of Corrections and Cabinet.
- > The planned use of pepper spray must now be authorised by the prison manager, or someone acting in the role of prison manager.
- > The Regulations now explicitly state that non-lethal weapons (including pepper spray) must not be used where that use would represent a use of force that is more than reasonably necessary in the circumstances. This makes it clear that the Regulations are in line with the *Corrections Act 2004* and reflects Corrections' operational practices.

The *Corrections Amendment Regulations 2022* came into force on 1 April 2022.

## ***Appendix Eight: New Zealand Business Number***

The New Zealand Business Number (NZBN) is a globally unique identifier, available to every business in Aotearoa New Zealand. The *New Zealand Business Number Act* came into effect in 2016, enabling all businesses to be allocated or register for an NZBN.

We participate in the 'Better for Business' programme, which makes it easier and more efficient for businesses to interact with government organisations. Improving the use of NZBN is an important part of the programme. By making it easier and faster for businesses to connect, they are saving time and money. This gives local businesses a competitive edge locally and globally.

We have recorded the NZBN of 2,050 current active vendors (this is 77 percent of a total 2,662 active vendors). This has remained the same as 77 percent at 30 June 2021. We aim to increase this further to 80 percent by 30 June 2023.

We have recently implemented a new Procurement, Finance and Payroll system. The vendor master data function in this new system has enabled us to connect directly to the NZBN database that will propose a NZBN when company details are entered ensuring a higher number of NZBNs and better accuracy of NZBN being captured.

In 2022/23, we intend to investigate the benefits of integrating the data it holds for customers and suppliers into one 'Business Partner' record. This should make it easier for businesses to do business with us as they will only need to submit their details once through a single team.

# ***PART D:***

## ***Appendices***

**Appendix Nine: Legislative Reporting**



## ***Report under section 190(1)(a) of the Corrections Act 2004***

**A report conducted on how the Chief Executive has implemented his functions under section 8(1)(k) of the Act, and how our Prison Directors have carried out their functions under section 12(d).**

**The main focus of this report is to ensure that processes are established and maintained to identify communities significantly affected by policies and practices in the Corrections system, and for the given communities to convey their views on those policies and practices with assurance that these views are given credence.**

At Corrections, we have a collective responsibility to identify communities significantly affected by our policies and practices to give them the platform to share their views and to take these views into account.

In 2021/22, we placed renewed emphasis and onus on consulting with Māori communities in line with our strategy, *Hōkai Rangī*.

*Hōkai Rangī* was published in August 2019 following significant and thorough consultation with Māori community groups, Māori within the Corrections system, as well as both Māori and non-Māori staff members, and academics. Corrections is currently in the process of setting up governance arrangements which will be inclusive of Māori partners in the community.

During 2021/22, Corrections continued to work closely with community stakeholders on the Māori Pathways initiatives at Hawke's Bay Regional Prison, Northland Region Corrections Facility, and Te Mana Wāhine Pathways in Canterbury. Corrections has a kawenata (agreement) in place with the Kiingitanga and we are leveraging that relationship to support the Justice Sector to sign a kawenata with the Kiingitanga.

The High Impact Innovation Programme is implementing new services across the justice sector, and engages with iwi and local communities. The Bail Support Service Programme works collaboratively with iwi (such as Ngāti Kahungunu in Hawke's Bay) to design and deliver the services that meet the needs of the local communities.

The programme also reaches out to targeted community groups to hear their views about projects that relate or could potentially impact them. For example, we spoke to victims of crime from around the country for their input into the design of an online tool to improve the way we send them notifications about people who have offended against them. We also worked with primary healthcare providers on a pilot service to improve the continuity of healthcare that people receive when leaving prison and re-entering the community.

In general, we have well established processes for working with communities using a diverse range of innovative methods. We have dedicated staff who engage with communities on the placement of certain people serving community-based sentences or orders. We also continue to work with communities in the establishment of new community-based accommodation solutions for people in our management and care.

Finally, some of our key governance boards include independent members who offer external points of view on important Corrections-related matters. For example, the Prisoner Welfare Advisory Board has three external members, and the Audit and Risk Committee is chaired by an external member and has two other external members.

## **Report under section 190(1)(b) of the Corrections Act 2004**

**A report on the work undertaken by the inspectors of Corrections, including statistical information about the disposition of complaints made by people under control or supervision and comment on issues arising from complaints or visits.**

The Office of the Inspectorate is a critical part of the oversight of the corrections system. It operates under the *Corrections Act 2004* and the *Corrections Regulations 2005*. The Inspectorate has a wide mandate and provides assurance that people on sentence, remand, and orders are treated in a fair, safe, secure, and humane way.

Functions of the Inspectorate include the investigation of complaints, prison inspections, the investigation of all deaths in custody, special investigations and statutory reviews of Visitor Prohibition Orders, and misconduct charges.

While part of Corrections, the Inspectorate is independent from operational activities and management which is necessary to ensure objectivity and integrity. The Chief Inspector reports directly to the Chief Executive of Corrections.

Inspectorate staff have a detailed knowledge and understanding of Corrections' core business. Inspectors have unrestricted access to all staff, facilities, information, documentation, files, records, and property under Corrections' care or control.

In the 2021/22 period, the Inspectorate dealt with 5,566 cases (2020/21: 6,616). These included complaints as well as information requests, information received, and monitoring of IR.07s (complaints against staff).

### **Complaints**

This year, the Inspectorate dealt with 4,654 complaints, a decrease of 16 percent from the previous year (2020/21: 5,555), of which 98 percent related to prisons and one percent to Community Corrections. The majority of complaints came from larger prison sites, with 54 percent of complaints coming from five sites (Auckland South Corrections Facility, Auckland Prison, Mt Eden Corrections Facility, Spring Hill Corrections Facility, and Christchurch Men's Prison).

The most frequent complaint categories were the complaints process, prisoner property, health services, and staff conduct and attitude. Fifty-three percent of complaints received fell into these categories. Complaints came from a variety of sources, mainly from people in prison, but also those on community sentences, family and whānau members, lawyers, and members of the public.

The Inspectorate's website (<https://inspectorate.corrections.govt.nz/>) outlines in detail how to make a complaint and has information in six languages. Additionally, the Inspectorate has developed posters about the complaints system which have been sent to all prisons and Community Corrections sites.

During 2021/22 the Inspectorate monitored 160 IR.07 complaints.

### **Complaints review and redesign**

In 2021, an independent external party was contracted to complete a review of the Corrections' complaints system, with oversight from the Chief Inspector. The review, *Redesigning the Ara Poutama Complaints System: Working towards a manaakitanga approach*, proposed a redesign of the complaints system to move Corrections towards a model that places the person at the centre. It highlighted key changes to improve outcomes and wellbeing, such as strengthened policy, the use of dedicated staff, and improving access.

The redesign provides Corrections with the opportunity to align the complaints system to the values and principles of Hōkai Rangi. In April 2022, the Chief Inspector appointed a Director Review and Response to implement the recommendations of the review. Immediate actions have already been undertaken. This includes establishing an online complaint form on the Corrections website, improving reporting of complaint statistics on both Corrections and the Inspectorate websites, and developing a complaint resolution practice centre so staff can more quickly find resources.



## **Waikeria inquiry**

The Chief Inspector is leading an investigation into the circumstances of the riot at Waikeria Prison between 29 December 2020 and 3 January 2021. The inquiry is investigating what was known prior to the riot, reviewing the response as the incident unfolded, and considering the preparedness of Corrections for a major incident at this site and across the entire prison network.

## **Prison and thematic inspections**

In 2021/22, inspection reports were publicly released for Auckland South Corrections Facility, Invercargill Prison, Christchurch Women's Prison, and Arohata Prison. Prison inspections aim to provide a 'window into prisons' and identify innovation and good practice, while giving early warning of emerging risks and concerns. Following each inspection, a report is written which includes findings.

A thematic review of apparent suicides and incidents of self-harm threat to life in prisons from 1 July 2016 to 30 June 2021 is underway, with the aim of providing better outcomes for people in custody. The thematic review is analysing a range of factors surrounding incidents involving apparent suicide and self-harm threat to life. It will consider strategies and approaches to ensure that all people in prison are kept safe and identify how serious harm can be prevented.

The Inspectorate is also conducting a review into the use of directed segregation (or similar regime) and use of force in New Zealand prisons. The review will focus on how Corrections uses directed segregation and force as part of its approach to managing people in prison, and whether this is consistent with the *Corrections Act 2004*, *Corrections Regulations 2005*, policies and procedures.

Two thematic inspection reports were published in 2021/22, covering inter-prison transfers and the lived experience of women in prison.

Transferring people between prisons is necessary, but not without challenges. The first thematic report found that transfers can disrupt the lives of prisoners and their support networks, as well as incurring costs. The thematic report examined the rationale and challenges associated with prisoner movements, and provided insight into the impacts of movements on prisoners, their family and whānau.

The thematic report about the lived experience of women in prison noted that women are diverse, and their backgrounds influence their prison experience. This report followed inspections of all three women's prisons in 2020. It found that many women are likely to be caring for children, have low levels of literacy, have experienced trauma and abuse, and have mental health and substance use disorders. The Inspectorate recommended that Corrections review the strategic and operational leadership, resourcing, operating model, and service delivery across the women's prison network (including health services) to enable, and deliver, better outcomes for women, which are critically gender specific, culturally responsive, and trauma-informed.

These inspections promote a culture of continuous improvement and are being used to enhance our management of people in the corrections system, and Corrections' practice, procedures, and policies.

Reports are published on the Inspectorate website and printed copies are sent to all prison libraries. They can be found at <https://inspectorate.corrections.govt.nz/reports>.

## **Death in custody investigations**

All deaths in prison are investigated by the Inspectorate. Comprehensive investigations are carried out into all unnatural deaths and those where serious concerns have been raised. Natural deaths are generally investigated with a focus on the adequacy of access to, and provision of, health care. All investigations are conducted by both regional inspectors, a medical officer, and clinical inspectors who are registered nurses.

The reports contain findings and recommendations for improvements to Corrections' policies and procedures. The reports are provided to Corrections' National Commissioner and Deputy Chief Executive Health, the Coroner, and the Office of the Ombudsman.

In 2021/22, there were 22 deaths in custody, a decrease of two from 2020/21.

## ***Special investigations***

In 2021/22, the Inspectorate published an investigation into the management of three women in maximum security at Auckland Region Women's Corrections Facility, arising from complaints made by the women. The investigation found that initially the women were managed appropriately, but later management departed significantly from the requirements of the Prison Operations Manual, and there was a systemic failure of oversight.

The findings from this investigation have informed improvements at the site and contributed to wider systemic change through the Women's Network Improvement Programme for all three women's prisons and other initiatives. The Chief Inspector has also led an assurance programme and provided oversight of the women's network improvement plan.

The Office of the Inspectorate has also joined with the Independent Police Conduct Authority and the Inspector-General of Intelligence and Security to conduct a coordinated review of the actions of New Zealand Police, the Department of Corrections, and the New Zealand Security Intelligence Service leading up to the attack by Mr Ahamed Samsudeen at New Lynn Countdown on 3 September 2021.

## **Report under section 190(1)(c)(d)(e) of the Corrections Act 2004**

A report on the processes and systems in place to supervise and control the monitoring of prisoner phone calls, including statistics on the proportion of prisoner calls monitored (otherwise than merely being recorded), and the number and percentage of calls disclosed under sections 117(1) and (2) of the Act:

- > to any person other than an employee of the Chief Executive or a contractor
- > to an employee of the Chief Executive or a contractor
- > of those disclosed, the number of proceedings against a person for a disciplinary offence in which a recording of any of those calls was used in evidence.

Legislative authority for Corrections to monitor telephone calls made by people in prison is provided under section 113 of the *Corrections Act 2004*.

Every person in prison has access to pay phones for the purpose of maintaining pro-social contact with friends and whānau. They can use these phones by purchasing a prepaid phone card or prepaid minutes (for Auckland Prison only), and can contact only those numbers approved by the Prison Director. Each person is allowed up to 10 approved numbers. As part of the approval process, staff at the prison must contact the owner of the proposed number and confirm their identity and their permission to receive phone calls. Each phone call can last a maximum of 15 minutes.

While the majority of phone calls from prisons are appropriate and made for legitimate purposes, a small proportion are not. That is why it is important that we monitor phone calls to maintain the safety of the public, staff, people in prison, and their whānau.

Prior to using the phones in prisons, every person is advised that personal phone calls are recorded and that a portion of these are monitored. Phone calls to legal advisers, government organisations, Crime Stoppers, monitoring agencies, and Members of Parliament are not recorded or monitored.

In 2021/22, we monitored 81,574 telephone calls made by people in prison in publicly managed prisons (this excludes Auckland South Corrections Facility). This is broadly consistent with the number of calls from 2020/21 (78,168). The information we obtain from these phone calls is used to detect and prevent crime such as threats of violence, contraband offences, breaches of non-contact conditions imposed by courts, and coercion. We share relevant information with partner agencies, such as the Police, where appropriate.

We do not centrally record the number of phone calls that are disclosed internally and externally (for example, to Police) under sections 117(1) and 117(2) of the Act. Nevertheless, we take care when disclosing any such phone calls, and know these disclosures are often used to prevent crimes or progress prosecutions. Within Corrections, these disclosures may be used to support incident and misconduct charges, identify risks to safety of staff and other people in prison, and prevent illicit activity.

## **Report under section 190(1)(f) of the Corrections Act 2004**

### **A report on:**

- > **the measures taken to reduce drug and alcohol use by prisoners**
- > **the effectiveness of those measures**
- > **random-testing programmes, including a summary of results of those programmes.**

Alcohol and other drug misuse is an issue for many people we work with in prisons. Research undertaken by Corrections indicates approximately 87 percent of people in prisons have met the diagnostic criteria for a substance use disorder at some point in their life.

We have a suite of programmes available across our prisons to help people address their alcohol and drug use as a first step to turning their life around. This report details our core alcohol and other drug programmes.

The effectiveness of our programmes is assessed as part of the annual Rehabilitation Quotient (see pages 179 – 181).

### **Prison-based treatment and intervention**

All of the prison-based treatments and interventions have been impacted by COVID-19 lockdowns over the past year. Some programmes have been able to provide an adapted programme via remote audio-visual link delivery at times as part of their business continuity plans. This does not replace full treatment but serves to hold, maintain, and support people until the programme can resume. Most have had at least periods of not being able to operate at all. More recently, this has mostly been due to insufficient staffing levels, either custodial or provider, making provision of service impossible.

#### ***Drug treatment programmes (3 to 12 months)***

Drug treatment programmes (DTP) are offered in 11 of our prisons, and provide alcohol and other drug treatment over the course of three, six and 12 months. In September 2021, a new DTP began operating in Tongariro Prison. This programme is co-located with the Te Tirohanga National programme, and is one of seven kaupapa Māori DTPs.

For the six-month and 12-month DTPs the first half of the programme focuses on psycho-education and therapy groups addressing the substance abuse/addiction needs of the participants, and the second half is focused on supporting relapse prevention and reintegrative needs.

The programmes are offered in therapeutic, residential environments, and are delivered by experienced addiction practitioners. Through DTPs, participants develop an understanding of the links between their substance use and their offending, as well as the impact these have on their whānau. With the support of specialist practitioners, participants develop a plan which helps them manage the risk factors related to their substance use and offending.

In 2021/22, 613 people started a DTP, while 571 people completed the programmes during the same period. The completion rates for the three-month, six-month and 12-month DTPs were 84 percent, 80 percent, and 63 percent respectively.

Across our DTPs, 10.5 full-time equivalent (FTE) Peer Support Worker and 10 FTE Cultural Support Worker roles have been funded to support participants.

#### ***Alcohol and Other Drug (AOD) Intensive Treatment Programmes (8 weeks)***

The Intensive Treatment Programme (ITP) is offered in eight of our prisons, providing eight programmes, and is an eight-week long, recovery-focused intervention. The programme provides participants with the knowledge, attitudes, and skills required to address their substance use. The programme includes a comprehensive assessment and aftercare components to ensure participants remain supported. Three of these programmes are kaupapa Māori.

In 2021/22, 81 people started the ITP while 91 people completed the programme during the same period. The completion rate for the ITP was 69 percent.

#### ***Gender-responsive and youth programmes***

In 2017/18, we launched Te Ira Wāhine (a gender-responsive treatment programme for women) and Tāmaua te Koronga (a youth-focused programme). These programmes are specifically designed to meet the alcohol and other drug treatment needs of women and youth in prisons. Due to COVID-19, this programme has been unable to operate as normal over the past year, with wāhine being supported, where possible, by phone.





The programmes were designed to be trauma-informed and delivered by kaupapa Māori providers. Te Ira Wāhine is delivered in a high security unit, and Tāmaua te Koronga is alternatively run between a youth unit and a high security unit with men who are under 25 years of age.

For the two years 2020/21 and 2021/22, the number of people who started Te Ira Wāhine was 52, with a completion rate of 71 percent. For Tāmaua te Koronga for the same period, 52 people started, with a completion rate of 57 percent. The completion rates for these programmes is approximately 20 percent less than that of the Drug Treatment Programmes, a reflection of the complex nature of the high security and youth units. The completion rates also reflect people who have exited the Corrections system or who have moved between facilities. Both these programmes were pilots, and have now been moved into baseline funding.

In February 2022, a new ITP type of programme was launched in Invercargill. He Waka Tōtika is a kaupapa Māori service delivered by mana whenua, Waihōpai for men and women. This service will take up to 36 people per year and will also work with whānau of those people to support transition back into the community. To date the number of people who have started is four, with eight whānau tautoko also being engaged with the programme. There are another eight prison referrals to be processed once site access is possible, and another four community referrals to process.

## **Aftercare support**

### ***Alcohol and Other Drugs Aftercare Worker Service***

Aftercare services help people who have already completed an alcohol or other drug treatment programme in prison (or in the community) to maintain the positive gains they have made in addressing their substance use. The service provides an important step in a person's journey to recovery.

The Aftercare Worker Service was introduced in 2016 as an optional service for those who have successfully completed either a Drug Treatment Programme or an Intensive Treatment Programme. The service includes group and one-on-one sessions to support participants to maintain the changes they achieved during their treatment and avoid triggers for relapse.

We have 12.5 full-time equivalent aftercare workers based across 10 prisons. In 2021/22, aftercare workers provided services for 105 people in prison and after release. We will also be procuring another 15 aftercare positions for service provision in the community. We intend having these in place in early 2023.

### ***RecoverRing - Alcohol and other drug support line***

RecoverRing is a free support line for people in prison and in the community, specialising in alcohol and other drug abuse issues. The service is available 24/7, and provides people affected by drug abuse with access to information and advice from qualified and registered practitioners who specialise in addictions.

The service provides access to continued support and a referral pathway to help them to maintain their recovery and access follow-up support.

In 2021/22, 617 phone calls and 187 emails were received by the RecoverRing support line.

## **Prison-based random testing regime**

Under the *Corrections Act 2004* and the *Corrections Regulations 2005*, we run a random drug-testing regime across all our prisons. All people who have been in prison for more than 30 continuous days are eligible to be selected for drug testing under the regime, except for those who are within 10 days of their release date.

In 2021/22, 1,340 general random drug tests were undertaken in prisons (2020/21: 3,522) to detect the use of contraband. The large decrease was expected as COVID-19 restrictions led to fewer opportunities for contraband to be introduced into prisons.

Of these tests, 95.8 percent returned a negative result [2020/21: 96.2 percent].

## ***Report under section 190(1)(g) of the Corrections Act 2004***

**A report on the operation of every security contract that is in force for the whole, or any part, of the year, including:**

- > a summary of reports forwarded to the Chief Executive under section 171(2) or 171(3) of the Act, and a summary of reports made to the Chief Executive under section 172(2)(b) of the Act
- > a summary of actions taken in relation to the operation of security contracts as a result of matters raised in any reports provided to the Chief Executive.

**Training provided to security officers employed by the Contractor:**

The Contractor's security officers received the following current training as required:

- > Class Two Driver training
- > Advanced Driver training
- > Control and Restraint (including refresher course)
- > First Aid Certification (including refresher course)
- > Tactical Options (including refresher course)
- > Prisoner Escort and Courtroom Custodial Services modular training
- > Mental Health First Aid
- > Hazard reporting
- > Assessor training
- > Health and Safety toolbox talks (Resilience and Wellbeing; COVID-19 Essential Services; PPE – Medical; Infection Prevention and Control; COVID-19 Vaccination; Privacy Policy; Living with COVID-19; Hazard Identification; Assessing Workplace Risks).

**The number and nature of complaints made by persons in relation to the carrying out, by security officers employed by the Contractor, of escort duties in respect of those persons, and how those complaints were resolved:**

There were no complaints made by persons in relation to the carrying out, by security officers employed by the Contractor, of escort duties in respect of those persons between 1 July 2021 and 30 June 2022.

**The number and nature of any incidents involving violence by or against prisoners while in the custody of security officers employed by the Contractor:**

There were no reported incidents involving violence by or against prisoners (excluding those outlined elsewhere) while in the custody of security officers employed by the Contractor.

**The number and nature of any incidents involving violence against security officers employed by the Contractor while carrying out escort duties or courtroom custodial duties:**

There were two reported incidents involving violence against a security officer employed by the Contractor while carrying out escort duties or courtroom custodial duties. These were:

- > One incident where a person being escorted kicked a Prison Escort and Court Custodial Services (PECCS) Officer in the knee, and elbowed another PECCS Officer in the side of the face while being loaded into the Prisoner Escort Vehicle.
- > One incident where a prisoner hit a PECCS Officer in the mouth twice.

**The number and nature of any incidents involving self-inflicted injuries to prisoners while in the custody of security officers employed by the Contractor:**

There was one reported incident involving someone self-inflicting injuries by a prisoner while in the custody of security officers employed by the Contractor:

- > Minor self-harm during escort requiring first aid from security officers.

**The compliance, by security officers employed by the Contractor, with the requirements of sections 83, 84, 85, 87 and 88 of the *Corrections Act 2004*:**

A total of seven incidents were recorded in this area. All incidents were investigated and determined to be compliant with the requirements as specified in the *Corrections Act 2004*.

**The exercise, by security officers employed by the Contractor, of powers conferred by sections 98 and 101 of the *Corrections Act 2004*:**

A total of 16,545 searches were recorded by security officers employed by the Contractor during the reporting year. There were no strip searches recorded.

**The number and nature of any disciplinary actions taken against security officers employed by the Contractor, and the reasons for, and outcomes of, those actions, including any penalties imposed:**

Disciplinary action was taken against 10 security officers employed by the Contractor. These included:

- > Loss of keys, including high security and standard handcuff keys, while attached to the PECCS Officer's stab-resistant body armour (SRBA) vest. A formal written warning was issued to the PECCS Officer. The lost keys were later recovered.
- > A PECCS Officer allegedly took a specially designed coat hanger for SRBA which belonged to a Police Officer. A formal written warning was issued to the PECCS Officer.
- > Four instances of attendance issues and failure to turn up for rostered shifts. Disciplinary action was taken and a written warning issued to each of the four PECCS Officers.
- > A PECCS Officer fell asleep while undertaking courtroom supervision duties. An employment investigation was commenced alongside medical checks. The investigation was not completed as the officer resigned for unrelated reasons.
- > Disciplinary action taken against a PECCS Officer for failure to wear a seatbelt while driving. A written warning was issued to the PECCS Officer.
- > A PECCS Officer entered a cell block without wearing SRBA. Disciplinary action was taken.
- > A PECCS Officer entered a cell without justification and was subsequently hit in the mouth by the person in the cell. An employment investigation was completed, and disciplinary action taken.

## ***Report under section 190(1)(h) of the Corrections Act 2004***

A report on the operation of every contract prison that was in operation for the whole, or any part, of the year, including:

- > a summary of reports forwarded to the Chief Executive under sections 199D(1A), 199D(2) and 199D(3) of the Act during the year
- > a summary of the reports made to the Chief Executive under section 199E(3)(b) during the year
- > a summary of any action taken, during the year, in relation to the management of contract prisons as a result of any matters raised in any reports provided to the Chief Executive.

### ***Auckland South Corrections Facility***

On 10 September 2012, Corrections engaged in a Public Private Partnership with SecureFuture Wiri Limited to design, build, finance, operate, and maintain Auckland South Corrections Facility (ASCF). SecureFuture subcontracted the operation of the prison to Serco.

ASCF is New Zealand's only privately managed prison, and has been operating since May 2015. It is located at Wiri in Auckland and provides 960 beds for men. The prison can accommodate security classifications from minimum security to high security.

#### ***The contract***

The contract between SecureFuture and Corrections includes a range of key performance indicators (KPIs) which support the safe, secure, and effective operation of the prison, as well as the rehabilitation and reintegration of the people being held there. It takes an outcomes-based approach by rewarding any reductions in re-offending assessed as being stronger than the reductions delivered by publicly managed prisons.

The contract's KPIs measure both the custodial performance and the rehabilitation performance of ASCF. They form the basis of the prison's performance framework which includes financial and contractual mechanisms that are utilised to ensure performance.

Corrections receives monthly, quarterly, and annual reports on performance at ASCF. These reports include custodial and rehabilitation/reintegration information. In addition, the Prison Director at ASCF is a member of Corrections' Northern Region Management Team and meets regularly with the Northern Regional Commissioner.

#### ***Prison monitors***

Corrections has a team of site-based monitors who oversee operations at ASCF and ensure it is meeting the expected standards. Their monitoring role includes inspections of prison operations against contractual and legislative requirements.

Special monitors are appointed by Corrections, on an as-needed basis, in order to investigate specific risks or performance concerns.

#### ***Prison inspectors***

Prison inspectors are empowered under the *Corrections Act 2004* and the *Corrections Regulations 2005* to undertake prison inspections, to investigate complaints, and to report on the treatment of people in the corrections system. This includes ASCF.

## **Contractual deductions for 2021/22**

During the 2021/2022 year, ASCF received financial deductions amounting to \$124,176.38. A breakdown of the breaches is shown below. There are no breaches during this period which are in dispute.

> **Category 1 KPIs (Chargeable events)**

There was one chargeable event in 2021/22. This was for an unnatural death of a prisoner in March 2022, resulting in a financial deduction of \$99,819.92.

> **Category 2 KPIs (Key operational incidents)**

There were 11 Category 2 KPI breaches in 2021/22, resulting in a financial deduction of \$24,356.46.

These KPI breaches related to:

<b>Schedule 16 – Performance regime KPI breach</b>	<b>Number of KPI breaches</b>
2.03	1
2.22	7
2.23	3

> **Category 3 KPIs (Custodial performance – operational incidents)**

These KPIs are measured quarterly as green (favourable), amber, or red. In 2021/22, the custodial performance trend report tracked as green throughout all four quarters, resulting in no financial deduction being incurred.

> **Category 4 KPIs (Rehabilitation and reintegration)**

These KPIs are measured quarterly as green (favourable), amber, or red. In 2021/22, the rehabilitation and reintegration performance trend report tracked as green throughout all four quarters, resulting in no financial deduction being incurred.

## Legislative reporting

The training provided to staff members of the prison (including the amount and quality of that training), and the level of training achieved by those staff members:

Training provided in 2021/22	Type of training	Total number of staff attending training	Quality of training	Contact hours per staff member
Control & Restraint/ Oleoresin Capsicum Spray (Combined annually for refreshers of six hours each)	Compliance	86	Delivered by certified Control & Restraint instructors, who go to yearly Tactical Instructor Revalidation courses, run by Corrections staff	6
First Aid	Compliance	51	Delivered by First Aid NZ. Refreshes First Aid New Zealand Qualifications Authority (NZQA) units 6401, 6402 & 6400	6
Facility Security	Compliance	78	Created and delivered by senior Serco staff	2
Hostage Awareness/ First Responding Officer	Compliance	31	Lead by Serco internally. Subject matter experts (SME) may deliver the training, or train other experienced members of staff to on-deliver that training to staff	2.5
Suicide Prevention and Awareness	Compliance	10	Lead by Serco internally. SMEs may deliver the training, or train other experienced members of staff to on-deliver that training to staff	2.5
Co-ordinated Incident Management System SME	Compliance	1	Delivered by Skills to NZQA standard	8
Health & Safety	Compliance	8	Delivered by Safety 'n Action to a NZQA standard	8
Fire	Compliance	32	Delivered by Safety 'n Action. Refreshes NZQA units 3271 and 4647	4
Anti-Bullying, Harassment, and Discrimination	Compliance	524	Serco Online Learning Management System (LMS)	0.5
Approaching an employee you are concerned about	Compliance	54	Serco Online LMS	0.25
Asbestos Awareness	Compliance	11	Serco Online LMS	0.2
Bio-hazard Spill Kit	Compliance	169	Serco Online LMS	0.2
Confined Space Awareness	Serco Online LMS	12	Serco Online LMS	0.2
Cranes and Lifting Awareness	Serco Online LMS	13	Serco Online LMS	0.2
Donning and Removal of Personal Protection Equipment (PPE)	Serco Online LMS	106	Serco Online LMS	0.2
Electrical Safety Awareness	Serco Online LMS	183	Serco Online LMS	0.2
Environmental Awareness at Serco	Serco Online LMS	85	Serco Online LMS	0.2





Training provided in 2021/22	Type of training	Total number of staff attending training	Quality of training	Contact hours per staff member
Facility Security	Serco Online LMS	78	Serco Online LMS	0.2
Fatigue Management Awareness	Serco Online LMS	182	Serco Online LMS	0.5
Fire Awareness	Serco Online LMS	153	Serco Online LMS	1
Hazardous Substances Awareness	Serco Online LMS	183	Serco Online LMS	0.5
Health Issues and Infection Control	Serco Online LMS	177	Serco Online LMS	0.5
Hot Works Awareness	Serco Online LMS	12	Serco Online LMS	0.2
Isolation and Lockouts Awareness	Serco Online LMS	13	Serco Online LMS	0.5
Managing Mental Health Risks at Work	Serco Online LMS	50	Serco Online LMS	0.2
Manual Tasks Awareness	Serco Online LMS	185	Serco Online LMS	0.5
Meeting Guidelines and Principles - Serco Asia-Pacific	Serco Online LMS	7	Serco Online LMS	0.2
Mental Health Awareness	Serco Online LMS	23	Serco online LMS – Department of Corrections module	0.5
Modern Slavery - iExpress	Serco Online LMS	74	Serco Online LMS	0.5
MyCatch-up Module - Manager Toolkit	Serco Online LMS	7	Serco online LMS – Department of Corrections module	0.5
MyCatch-up Module - Team Objectives	Serco Online LMS	8	Serco Online LMS	0.5
MyCatch-up Module - Individual Objectives	Serco Online LMS	8	Serco Online LMS	0.2
MyCatch-up Module - Conversations	Serco Online LMS	8	Serco Online LMS	0.2
MyCatch-up Module - Feedback	Serco Online LMS	8	Serco Online LMS	0.2
MyCatch-up Module - Development	Serco Online LMS	8	Serco Online LMS	0.5
MyCatch-up Module - Step into Coaching	Serco Online LMS	7	Serco Online LMS	0.5
<i>Privacy Act 2020</i> Video	Serco Online LMS	112	Serco Online LMS	0.5
Offender Management - National Certificate Level 3	Serco Online LMS	19	Serco Online LMS	0.5
Phishing Awareness - Don't take the bait!	Serco Online LMS	3	Serco Online LMS	0.5

Training provided in 2021/22	Type of training	Total number of staff attending training	Quality of training	Contact hours per staff member
Remote and Isolated Work Awareness	Serco Online LMS	184	Serco Online LMS	0.2
Resilience in the workplace	Serco Online LMS	39	Serco Online LMS	0.2
Standard Operating Procedures - Introduction	Serco Online LMS	177	Serco Online LMS	0.2
Unknown Hazardous Substances	Serco Online LMS	139	Serco Online LMS	0.2
Updating Personal Details in SAP	Serco Online LMS	58	Serco Online LMS	0.2
Vehicle and Driving Awareness	Serco Online LMS	187	Serco Online LMS	0.2
Violence and Aggression Awareness	Serco Online LMS	187	Serco Online LMS	0.2
Working at Heights Awareness	Serco Online LMS	12	Serco Online LMS	0.5
Working with transgender prisoners – Serco Asia-Pacific	Serco Online LMS	76	Serco Online LMS	0.2

**The number and nature of complaints made by prisoners at the prison, and how those complaints were resolved:**

The following is a description of the complaint resolution process at ASCF:

- > A staff member will attempt to resolve the complaint at the lowest level if possible. This resolution does not include a complaint form if the complaint is straight-forward.
- > If resolution at the lowest level is not possible, or the person wishes to record the complaint, they will complete a PC.01 Formal Complaint form and hand it to a staff member.
- > A Supervisor or Operations Manager will meet with the person who made the complaint and discusses their issue(s).
- > A plan will be made of what action(s) should be taken (if any) and once they have taken place then the person is informed of the outcome.
- > When a resolution is achieved the complaint is closed.
- > If a resolution is not achieved, the person can refer their complaint to the Office of the Inspectorate or other relevant/appropriate monitoring agencies, for example, the Office of the Ombudsman.
- > A person may complete any number of complaint forms. They may contact the previously mentioned external agencies at any point.

**A total of 1,246 complaints were made by people in ASCF relating to the following broad categories:**

- > Communications
- > Food services
- > Health services
- > Misconduct
- > Personal and official visitors

- > Prisoner conditions
- > Prison work and pay
- > Prisoner management
- > Prisoner property
- > Prisoner requests
- > Prisoner welfare
- > Recreation, exercise, and sport
- > Security classification
- > Sentence management
- > Staff conduct and attitude
- > Transfers and movements
- > Temporary release and temporary removal
- > Other.

**The number and nature of any incidents in the prison involving violence against any person:**

A total of 141 violent incidents were recorded under the following categories:

Violence between prisoners:

- > 55 incidents of fighting
- > 27 incidents of assault no injury
- > 14 incidents of assault non-serious
- > 0 incidents of assault serious (including alleged sexual assaults).

Violence against staff:

- > 35 incidents of assault no injury
- > 7 incidents of assault non-serious
- > 3 incidents of assault serious (including alleged sexual assaults).

**The number and nature of any incidents in the prison involving self-inflicted injuries to prisoners of the prison:**

There were seven reported incidents involving self-inflicted injuries by people in prison. All seven incidents were categorised as self-harm no threat to life.

**The programmes provided for prisoners at the prison:**

A total of 8,292 attendances were recorded for various programmes and recreational activities. Employment is excluded within this measure. Each attendance at a unique activity is counted once per month.

For example, in June an individual attended Art four times, Budgeting skills once, and was enrolled for Financial Literacy (but did not attend), would be counted as follows: This unique prisoner attended two programmes/activities in June 2022.

Programmes and activities attended are as follows:

- > Academic Support
- > Alcohol and Other Drug/Gambling – Brief
- > Alcohol and Other Drug/Gambling – Intermediate
- > AOD Individual Session

- > Art
- > Asian Family Services Level 1 – Public Health
- > Asian Family Services Level 3 – Clinical
- > Barbering
- > Basic Computer Skills
- > Basketball Academy
- > Bible Studies
- > Budgeting Skills
- > Building Awesome Whānau (Parenting)
- > Community Alcohol and Drug Services Pre-release Group
- > Certificate in Papa Ako (Learning skills)
- > Certificate in Papa Whairawa (Financial literacy)
- > Children & Family Activities Planning Group
- > Church Choir
- > Community Engagement
- > Creative Writing
- > CRS Assessment
- > Drug Treatment Programme – Aftercare Group
- > Dynamics of Whānaungatanga (relationship, kinship)
- > Employability Passport
- > English as a Second Language Support
- > Family Group Conference
- > Field
- > Final Pathway Assessment – Offender Plan
- > Financial Literacy
- > Graduation
- > Grounds Maintenance
- > Gym
- > He Papa Tikanga (Your Cultural Foundation)
- > Health Referral
- > Healthier Futures
- > Holy Communion
- > Individual Assessment
- > Individual Treatment
- > Individual Treatment – High
- > Individual Treatment – Medium
- > Initial Pathway AssessmentOffender – Plan

- > Kaiwhakamana (Kaumātua who have access to prisons)
- > Kapa haka
- > Kick for the Seagulls (uses sporting language to teach prisoners reading, writing, and maths)
- > Learners Drivers Licence
- > Literacy Support
- > Living The Change
- > Mahi Toa – Elective 3 – Getting a job
- > Mahi Toa – Certificate in Employment Skills
- > Medium Intensity Rehabilitation Programme (MIRP)
- > Mentoring Programme
- > Motivational Interviewing
- > Multi-Purpose Court
- > Music
- > National Certificates of Educational Achievement (NCEA)
- > NZ Breakers
- > Papa Kupu (Adult Learning Skills)
- > Parole Interview Assessment
- > PE Activity (Whare Ora)
- > Performing Arts
- > Positive Steps
- > Potaetanga/Graduations
- > Pōwhiri/Whakatau
- > Prisoner Games/Olympics
- > Pro-Social Support Connection
- > Puwhakamua wānanga
- > Radical Fitness
- > Rehabilitation Yoga
- > Reintegration Services Contact
- > Religious or Cultural activity
- > Review Pathway Assessment – Offender Plan
- > Short Rehabilitation Programme
- > Short Violence Prevention Programme
- > Siva Ma Pese Samoa
- > Special Visit
- > Sports Academy
- > Sunday Service
- > Talk to my Case Manager

- > Te Reo Class
- > Tonga Language/Culture
- > Tuākana/Teina (relationships between an older person (tuākana) and a younger person (teina))
- > Vasega Samoa (Samoa)
- > Visual Arts 1
- > Whānau Awhi
- > Whānau Day
- > Whānau Day Planning Group
- > Whānau Hui
- > Whānau Liaison Meeting
- > Where Are You At? – High
- > Where Are You Going? – High
- > Where Are You Going? – Medium
- > Young at heart

**The employment provided for prisoners by or at the prison:**

- > Asset Maintenance
- > Canteen
- > Care Support Worker
- > Catering
- > Education Support Worker
- > External Work Party
- > Facility Support Worker
- > Fitness champions
- > Grounds Maintenance
- > Horticulture
- > Industry A – Framing
- > Industry B – Cabins
- > Industry C – Welding
- > Industry D (MIT) – Carving
- > Laundry
- > Peer Yoga
- > Recycling
- > Release to Work
- > Residence Support Worker
- > Wing Support Worker



**The skills gained by prisoners as a result of employment or education provided by or at the prison:**

Skills gained in 2021/22	Number of prisoners
NZ Certificate in Business Foundation Skills (Level 2) (MIT)	8
NZ Certificate in Creativity (Level 4) (TLC)	7
NZ Diploma in Creativity (TLC)	3
Low Literacy and Numeracy Support (MIT)	21
Take2 Computing and Programming	9
Trade Start (Level 2) (MIT)	6
Trade Start (Level 3) (MIT)	8
NZ Certificate in Foundation Skills (Level 1) (Open Polytechnic)	1
NZ Certificate in Study and Career Preparation (Level 4) (Open Polytechnic)	2
TradeStart Level 2 (MIT)	39
NZ Certificate in Business Foundation Skills (Level 3) (MIT)	9

**The compliance, by staff members of the prison, with the requirements of sections 83, 84, 85, 87, and 88 of the Corrections Act 2004:**

Section of the Corrections Act 2004	Number of occurrences
<b>83 – Use of force</b>	<b>126</b>
Control and restraint*	0
Non-threatening physical contact	57
Spontaneous use of force	69
<b>84 – Provoking prisoners</b>	<b>0</b>
<b>85 – Use of non-lethal weapons</b>	<b>17</b>
Pepper spray drawn, not used	5
Pepper spray*	12
Pepper spray planned use*	0
<b>87 – Restraint of prisoners</b>	<b>26</b>
Handcuffs – other than on escort*	26
<b>88 – Reporting on use of force, weapons, and mechanical restraints</b>	All incidents with a * were reported to the incident line. All incidents were notified via the Integrated Offender Management System.
<b>Total</b>	<b>169</b>

In all occurrences, staff were compliant with the *Corrections Act 2004*.

**The exercise, by officers of the prison, of the powers conferred by sections 98 to 101 of the Corrections Act 2004:**

There was a total of 2,468 searches conducted in 2021/22 [2020/21: 4,529].

**The number and nature of any disciplinary proceedings taken against prisoners at the prison:**

There was a total of 848 misconducts given to people in prison in 2021/22 [2020/21: 1,686] due to the following reasons:

- > Disobeys lawful order
- > Deliberately mismanages work
- > Behaves in an offensive, threatening, abusive or intimidating manner
- > Communicates with a person in an unauthorised manner
- > Leaves, or is absent from cell or place of work
- > Unauthorised items in possession
- > Assaults or fights with another person

- > Damages prison property
- > Obstructs any officer in the execution of his or her duty
- > Combines with other prisoners for a purpose that is likely to endanger the security or good order of the prison
- > Tattoos another prisoner
- > Receives a tattoo with his or her consent
- > Uses any drug without the authority of a medical officer
- > Smokes tobacco or any other substance
- > Refuses to comply with requirement of submitting to a drug or alcohol test
- > Fails to comply with requirement (alcohol or drug testing)
- > Tamper with drug or alcohol samples.

**The number and nature of any disciplinary actions taken against staff members of the prison:**

A total of 18 disciplinary actions taken against staff. The cause of these actions was due to:

- > Alleged breach of Serco Code of Conduct
- > Alleged breach of Serco Policy and Procedures
- > Serious misconduct.

**The reasons for, and outcomes of, disciplinary proceedings or disciplinary actions, including any penalties imposed:**

Outcomes of disciplinary actions are as follows:

- > Absence Management Plan
- > Formal written warning
- > No further action required
- > Termination
- > Closure (employee resigned before case was resolved)
- > Verbal warning
- > Coaching and mentoring
- > Posted to new area
- > Letter of expectation
- > Removal from secondment.

**The operation of random testing programmes in the prison:**

The names of people in prison are randomly selected on a weekly basis by a Corrections computer programme that uses a pre-defined algorithm for random drug testing purposes. This programme also selects extra people each week, and they are only tested (in descending order) if the randomly selected person is unavailable. This list of people for testing is then sent to ASCF which administers the tests.

Of the 127 tests sampled [2020/21: 480], 11 (8.7 percent) returned a positive result [2020/21: 34 (7.1 percent)].

**Any matters relating to the financial management of the prison, that the Chief Executive from time to time determines, which may include the provision of financial forecasts and audited accounts:**

Nil.

**Any other matters in respect of which the Chief Executive reasonably considers that information is necessary to enable the Chief Executive to carry out his or her responsibilities under this Act or any other enactment:**

Nil.

## ***Report under section 50A of the Victims' Rights Act 2002***

**A report about services provided to victims of crime, including:**

- > **a summary of services provided to victims**
- > **statistical information about the type of complaints received, and the disposition of those complaints.**

The *Victims' Rights Act 2002* and the corresponding *Victims' Code of Rights 2015* outline the rights of victims of crime in the criminal justice system. The *Victims' Code* outlines eight principles for the treatment of victims in the justice system:

**Safety** – services should be provided in a way that minimises potential harm and puts safety first.

**Respect** – providers should treat victims with courtesy and compassion, and respect cultural, religious, ethnic and social needs, values and beliefs.

**Dignity and privacy** – providers should treat victims with dignity and protect their privacy.

**Fair treatment** – providers should respond appropriately to a victim's needs and provide services in a timely way.

**Informed choice** – providers should understand the victim's situation and tell the victim of the different ways they can get help.

**Quality services** – providers should work together so the victim and whānau receive quality services that meet the victim's needs.

**Communication** – providers should give information in a way that is easy to understand and is effective.

**Feedback** – providers should let the victim know how they can give feedback or make a complaint.

Reviewing victim feedback and complaints is an important part of improving Corrections, and the wider Justice sector's services to victims of crime, and we endeavour to learn from each of these complaints.

We are part of a 'victim of crime' inter-agency committee, which includes representatives from key Justice sector agencies. This committee brings together non-identifying victim complaints data from across the sector to identify trends and make service improvements.

During 2021/22, we received no justified complaints from registered victims in respect to the victim notification register (2020/21: two). Three unjustified complaints were received during the year.

## Report under section 121 of the Public Safety (Public Protection Orders) Act 2014

Public protection orders (PPOs) allow for a form of civil detention which can be imposed on a person who is considered to have a very high and imminent risk of violent or sexual offending. These orders are applied by the court when a person has completed their prison sentence but cannot safely be placed in the community due to the risk they pose to others.<sup>69</sup>

The *Public Safety (Public Protection Orders) Act 2014* ensures public protection orders are administered in a way that protects the public while acknowledging the person has completed their prison sentence and should have as many rights and freedoms as can safely be granted.

In accordance with section 121 of the Act, we are required to report on the application of public protection orders every year in our Annual Report.

Section of the Act	Description of measure	Result of measure (year ended 30 June 2022)
121(1)(a)	The number of persons who, at the end of that year, are detained, under this Act, in residences and state, for each person so detained, the number of months for which the person has been detained in a residence.	Two people were detained at the Matawhāiti residence during the year to June 2022. These occupants have been in residence for 74 months and 65 months. A third person was at the Matawhāiti residence for 15 months and has since been detained in prison under this Act.
121(1)(b)	The number of persons who, at the end of that year, are detained, under this Act, in prisons and state, for each person so detained, the number of months for which the person has been detained in prison, and the reasons for that detention.	One person has been detained in prison under this Act, due to a variation to their order which is subject to Court proceedings. They have been detained for 11 months.
121(1)(c)	The number of persons who have been released on protective supervision.	None
121(1)(d)	The number of persons who were on protective supervision and who have again been detained under this Act.	None
121(1)(e)	The number of times that the Chief Executive applied to the court, ahead of time and pursuant to a direction of the review panel, for a review of a public protection order.	None
121(1)(f)	The number of appeals against orders made under this Act, and the outcome of each appeal.	There have been three appeals made against a Public Protection Order. One was lodged in the Court of Appeal in February 2021, and at 30 June 2022, there was no outcome for this appeal. The other two appeals were deemed abandoned by the Court due to procedural reasons.
121(1)(g)	The number and nature of any serious incidents involving residents or staff members of residences, or both.	There have been four serious incidents involving residents at Matawhāiti. These were: two separate attempts to break an office window, one unit window broken, one incident where multiple windows were broken, and a resident refused to comply with staff instructions over a period of hours.
121(1)(h)	The number and nature of any incidents involving the use of significant force or restraints on residents.	None
121(1)(i)	The number of times seclusion was imposed on residents, and the duration of, and reasons for, each episode of seclusion.	None
121(1)(j)	The number of times that residents were hospitalised.	None
121(1)(k)	The number of residents who died.	None

69. Detainees who no longer meet the test to be subject to a public protection order are released and placed on a protective supervision order, where they are managed in the community and subject to intensive monitoring.

Section of the Act	Description of measure	Result of measure (year ended 30 June 2022)
121(1)(l)	The number of emergencies in residences that required assistance from corrections officers.	None
121(1)(m)	Any other matter that the Chief Executive considers should be included in the annual report.	None

## ***Electronic monitoring***

Electronic monitoring (EM) allows for a person's location to be ascertained either while at home or in the community. People who are subject to an electronic monitoring wear a tracker attached around their ankle at all times to allow us to monitor their location. If the person tries to remove the anklet or leaves the monitored address without permission, an alert is triggered, and action is taken to assess the person's whereabouts.

We do not determine who is electronically monitored.<sup>70</sup> The courts will decide if it is for a community detention, home detention, or another sentence or order. It is the New Zealand Parole Board (NZPB) who impose conditions, which may include electronic monitoring, for those released from a long-term sentence of imprisonment. The court may also impose an extended supervision order, but it is the New Zealand Parole Board that imposes any special conditions attached to it, including electronic monitoring.

Most people are monitored using GPS technology, which tracks their movements via satellite and can tell us where they go, the route they took, and how long it took them. It provides real-time information on an offender's location, which allows early detection of an offender entering prohibited locations or leaving a place in which they must remain. We also use radio frequency technology for which works by sending an alert when individual leaves the range of a beacon installed at their home during their curfew period.

In 2021/22, we electronically monitored an average of 4,633 people at any given time. On February 17, 2022, we commenced the transition to our new service provider.

Corrections' National EM Operations is a dedicated 24/7 team who monitors people who are wearing the EM tracker and respond to the alerts generated. How we respond differs depending on the seriousness of the case and can include contacting the individual or their whānau by phone, sending a field officer to check in with the individual, or contacting Police.

Electronic monitoring is one of many tools we utilise to manage individuals in the community. People serving community-based sentences and orders may also have regular risk assessments, access to programmes that address rehabilitation, employment and education, positive community support, and one-on-one meetings and home visits with their probation officer.

70. Electronic monitoring is also used by Corrections for prisoners on temporary release from prison.



## **Electronically monitored bail (EM bail)**

EM bail is a form of bail people remanded in custody while awaiting trial or sentencing can apply for. It is jointly managed under a shared service model with Police.

People on EM bail are not subject to a sentence managed by Corrections as they are still progressing through the court process and are awaiting a conviction or sentence. We will assess suitability as to whether a person should be monitored on bail, but the decision rests with the judiciary.

Included in our monitoring role is ensuring the person on bail meets their movement conditions. We contact the Police if they do not.

Corrections assists with the EM bail application process by interviewing the defendant and assessing them for suitability. We also assess the prospective residence and checks it for suitability for EM (for example, whether it can receive GPS and cell phone signals), and will also interview the other occupants of the residence to gain their consent and assess their ability to support the defendant.

We submit EM Bail Suitability Reports to court as part of the application for EM bail. We may assess someone as unsuitable for EM bail for a range of reasons, including previous non-compliance, or if the occupants of the residence have not given their consent.

If someone is granted EM bail, they may have a number of conditions they must adhere to, such as abstinence from alcohol or drugs, or not contacting victims and witnesses. Police are responsible for ensuring that the person complies with their bail conditions.

We support the Police by providing the EM component. Defendants subject to EM bail are monitored by our supplier in the same way as other people on EM sentences and orders. We provide support for the monitoring of any approved absences for defendants on EM bail.

## **Report under section 54IA of the Sentencing Act 2002 - Intensive Supervision**

**A report about the use of electronic monitoring, including:**

- > **the number of offenders who were at any time subject to an electronic monitoring condition**
- > **the average number of offenders who were subject to an electronic monitoring condition and the average duration of the condition**
- > **the percentage of offenders who, while subject to an electronic monitoring condition were:**
  - > **convicted for failing to comply with the condition; or**
  - > **convicted of any other offence**
- > **a description of processes and systems relating to electronic monitoring that were in place during the year reported on.**

As of 30 June 2022, 4,313 people were serving an intensive supervision sentence (2020/21: 5,324), of whom 149 (2020/21: 76) were subject to electronic monitoring conditions. Over the course of 2021/22, 172 different individuals were subject to an electronic monitoring condition while serving an intensive supervision sentence.

The average number of people serving an intensive supervision sentence who were subject to an electronic monitoring condition during 2021/22 was 135 (2020/21: 22). The average duration of the electronic monitoring conditions was 399 days (2020/21: 445 days).<sup>71</sup>

Where a person has not complied with any condition of their community-based sentence or order (including an electronic monitoring condition), their probation officer may pursue formal prosecution. In 2021/22, we commenced 1,181 prosecutions for non-compliance with an intensive supervision sentence (2020/21: 2,028). Because the number of prosecutions includes events of non-compliance for all people on intensive supervision sentence, regardless of whether they had an electronic monitoring condition attached, we would be required to review each individual prosecution to provide the total number of convictions relating specifically to people who had an electronic monitoring condition attached to an intensive supervision sentence. Accordingly, we are unable to provide this level of information.

<sup>71</sup> The 2020/21 Annual Report stated 637 days which was the average length of sentence. The new figure, and that for the year to 30 June 2022, represents the numbers of days the person was under intensive supervision.

## **Report under section 15A of the Parole Act 2002 - Extended Supervision, Parole and Post-Release Conditions**

A report about the use of electronic monitoring (specific to people on parole or who are subject to extended supervision), including:

- > the number of offenders who were at any time subject to an electronic monitoring condition
- > the average number of offenders who were subject to an electronic monitoring condition and the average duration of the condition
- > the percentage of offenders who, while subject to an electronic monitoring condition attached to an extended supervision order, were:
  - > convicted for a breach of the condition; or
  - > convicted of any other offence
- > a description of processes and systems relating to electronic monitoring that were in place during the year reported on.

The purpose of an electronic monitoring (EM) condition imposed under section 15(3)(f) of the *Parole Act 2002* is to deter the offender from breaching conditions that relate to their whereabouts, and to monitor compliance with those conditions.

As of 30 June 2022:

- > 221 people were serving extended supervision orders (2020/21: 222), of whom 149 were subject to EM conditions (2020/21:132).
- > 2,460 people were on parole (2020/21: 2,549), of whom 491 were subject to EM conditions (2020/21: 401): and
- > 2,083 people were subject to post-release conditions (2020/21: 2,481), of whom 103 were subject to EM conditions (2020/21:137).

In 2021/22, the average number of people who were electronically monitored as a condition of extended supervision on any given day was 135 (2020/21:140), parole was 460 (2020/21:335), and post-release conditions was 111 (2020/21: 39). During 2021/22, the total number of different individuals subject to an electronic monitoring condition as a condition of extended supervision was 172, parole was 1,086, and post-release conditions was 257. The average length of time for which an individual was electronically monitored as a condition of extended supervision was 925 days (2020/21: 2,883 days), parole was 836 days (2020/21:1,017), and post-release conditions was 362 days (2020/21: 361 days).

Where a person has not complied with any condition of their community-based order (including an electronic monitoring condition), their probation officer may pursue formal prosecution. In 2021/22, we commenced a total of 305 prosecutions for non-compliance with an extended supervision order, 975 for parole, and 2,105 for post-release conditions (2020/21: total for all three categories: 4,634). Because the number of prosecutions includes events of non-compliance for all people on extended supervision order, parole or post-release conditions regardless of whether or not they had an electronic monitoring condition attached, we would be required to review each individual prosecution in order to provide the total number of convictions relating specifically to people who had an electronic monitoring condition attached to extended supervision order, parole or post-release conditions. Accordingly, we are unable to provide this level of information.



# ***PART E:***

## ***Report by the Minister of Corrections on Non- departmental Appropriations***

This report meets the requirement, set out in the Vote Corrections Estimates of Appropriations 2021/22 and Supplementary Estimates of Appropriations 2021/22, for information on certain non-departmental appropriations to be reported by the Minister of Corrections.

This report is presented to the House of Representatives pursuant to section 19B of the *Public Finance Act 1989*.

Although presented in the same document, this report does not form part of the Department of Corrections Annual Report 2021/22.

## Appropriation 6 – Waikeria Corrections and Treatment Facility

### SCOPE OF APPROPRIATION

This appropriation is limited to infrastructure improvements that are either a condition of the designation or otherwise necessary to enable the development of the Waikeria Corrections and Treatment Facility.

### WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to achieve infrastructure improvements necessary to enable the development of the Waikeria Prison Development including the Waikeria Mental Health Facility.

### How Corrections performed

Whilst the capital expenditure for the development of Waikeria Prison is covered under the Capital Expenditure Appropriation, this Non-departmental Appropriation focuses on the infrastructure design improvements required to enable the development of the facility.

The table below outlines Corrections' performance against our current performance measure.

Assessment of performance	2021	2022
	Actual	Actual
Continuation of major infrastructure improvements required to enable the development of the Waikeria Prison Development including the Waikeria Mental Health and Addiction Service Facility, and the continued implementation of designation conditions.	<p>Corrections, on behalf of the Crown, has continued to work with the Waipa District Council to upgrade the wastewater network. The upgrade has nearly been completed, with only minor works relating to conditions of designation outstanding. The outstanding work is scheduled for completion in 2021/22.</p> <p>In September 2020, Corrections on behalf of the Crown, completed an electrical infrastructure upgrade with Waipa Networks.</p>	<p>Corrections, on behalf of the Crown, has continued to work with the Waipa District Council to complete the outstanding works relating to the upgrade of the wastewater network. The outstanding work is now scheduled for completion in 2022/23.</p> <p>An in-principle expense transfer has been pre-approved to transfer funding to 2023.</p> <p>Corrections, on behalf of the Crown, will complete roading works once construction of the new facility is complete. The outstanding work is scheduled for completion in September 2023.</p>



## How much did it cost?

For the year ended 30 June 2022

	2021	2022	2022	2022	2023
	Actual	Actual	Budget	Supp. Estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
<b>EXPENSES</b>					
Waikeria Corrections and Treatment Facility	14,488	215	1,000	1,000	-
GST input expense	2,420	44	150	150	-
<b>Total expenses</b>	<b>16,908</b>	<b>259</b>	<b>1,150</b>	<b>1,150</b>	<b>-</b>

Actual expenditure (excluding GST) was \$14.3 million lower than 2021 actual, mainly due to the infrastructure upgrades nearing completion last year, with only minor works outstanding.

Actual expenditure (excluding GST) was \$0.8 million lower than Budget and Supplementary Estimates, mainly due to delays in the final resealing of the State Highway 3 overpass.



DEPARTMENT OF  
CORRECTIONS  
MANITOBA





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